

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING
OCTOBER 23, 2013
APPLICATION SUMMARY**

NAME OF PROJECT: Shannondale Rehabilitation Center

PROJECT NUMBER: CN1307-024

ADDRESS: 7510 and 7522 Middlebrook Pike
Knoxville (Knox County), Tennessee 37909

LEGAL OWNER: Presbyterian Homes of Tennessee, Inc.
801 Vanosdale Road
Knoxville, TN (Knox County), TN 37909

OPERATING ENTITY: Not applicable

CONTACT PERSON: William Thomas
(865) 246-1799

DATE FILED: July 9, 2013

PROJECT COST: \$6,609,488.00

FINANCING: Cash Reserves

REASON FOR FILING: The establishment of new thirty (30) bed Medicare skilled nursing home that will be part of a Continuing Care Retirement Community (CCRC). *The 30 nursing home beds are subject to the 125 bed Nursing Home Bed Pool for the July 2013 to June 2014 state fiscal year period.*

DESCRIPTION:

Shannondale Rehabilitation Center is seeking approval to establish a thirty (30) bed Medicare certified skilled nursing facility on 2.97 acres at 7510 and 7522 Middlebrook Pike, Knoxville (Knox County), TN. Shannondale Rehabilitation will be part of the Shannondale Continuing Care Retirement Community (SCCRC) campus. The applicant will be located adjacent to the existing Shannondale Health Care Center (SHCC) which is also located on the SCCRC campus. SHCC is an existing 200 bed dually certified nursing home, which the applicant will share services such as Administrative, Dietary, Rehabilitation,

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nursing, environmental and maintenance staff. The proposed Shannondale Rehabilitation Center will be licensed separately from the existing Shannondale Health Care Center. If this project is approved, SHCC will de-license twenty-four (24) semi-private nursing home beds and operate the current 200 bed skilled nursing facility as a 176 bed facility with all private rooms. In addition to the nursing home, Shannondale CCRC also includes eighty-one (81) independent living units, 125 apartments and a forty-nine (49) bed assisted living center.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

NURSING HOME SERVICES

A. Need

1. According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

County bed need = .0005 x pop. 65 and under, plus
.0120 x pop. 65-74, plus
.0600 x pop. 75-84, plus
.1500 x pop. 85, plus

See step 2 below for the Nursing Home Bed Need calculation.

2. The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.

Based on the projected population for Knox County, the Tennessee Department of Health's Division of Health Statistics used the above formula to calculate a need of 3,100 nursing home beds for the applicant's declared service area, Knox County.

It appears that this criterion has been met.

3. The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.

According to the Tennessee Department of Health's Division of Health Statistics, there currently are 2,011 licensed nursing home beds in the

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Knox County service area, resulting in a Net Nursing Home Bed Need of 1,089.

It appears the application meets this criterion.

**Note to Agency Members Regarding Bed Need Formula: The formula was included in a 1996 amendment to the statute governing the development of new nursing home beds. The formula was based upon a population-based methodology that did not consider levels of care (skilled or non-skilled) or payment sources (Medicare, Medicaid, 3rd party). Institutional care was the norm and there were limited, if any, home and community-based care options. The Long-Term Care Community Care Community Choices Act of 2008 (CHOICES) and the 2012 changes in Nursing Facility Level of Care Criteria for TennCare recipients have impacted nursing home occupancies in TN. According to TCA § 68-11-1622, the Agency shall issue no certificates of need for new nursing home beds other than the one hundred twenty-five beds included per fiscal year (commonly referred to as the 125-bed pool). These beds must be certified to participate in the Medicare skilled program. This does not preclude a nursing home from dually certifying beds for both Medicare and Medicaid.*

4. "Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.

The applicant states the project's service area will be Knox County. The majority of the service area population is within 30 minutes travel time of the proposed facility.

It appears that this criterion has been met.

5. The Health Services and Development Agency may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:
 - a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and

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It appears that this criterion is not applicable since the thirty (30) proposed nursing home beds are not in excess of the need standard of the 1990s formula.

- b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.**

It appears that this criterion is not applicable since the thirty (30) proposed nursing home beds are not in excess of the need standard of the 1990s formula.

B. Occupancy and Size Standards:

- 1. A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.**

The applicant states the proposed skilled nursing home projects an annualized occupancy over 95% after two years of operation.

It appears that this criterion has been met.

- 2. There shall be no additional nursing home beds approved for a service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently noncomplying with quality assurance regulations shall be considered in determining the service areas, average occupancy rate.**

In 2011, Knox County had 12 licensed nursing homes which had a licensed capacity of 50 beds or more. Five of these nursing homes had occupancies greater than 95%. Three more had occupancies greater than 90%. Two other nursing homes have occupancies greater than 80%, while the remaining two were 68.8% and 33.7%.

It appears that this criterion has not been met.

- 3. A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.**

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This criterion is not applicable. The proposed Shannondale Rehabilitation Center is a new proposed project that will be part of an existing Continuing Care Retirement Community (CCRC).

4. A free-standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Services and Development Agency may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

This application is for a new thirty (30) bed nursing home.

It appears that this criterion has been met.

STAFF SUMMARY

Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italics.

The Shannon Rehabilitation Center will focus on primarily Medicare qualified beneficiaries who are seeking skilled nursing and rehabilitation services following a prior hospitalization. The Shannondale Rehabilitation Center will be a part of the 43 year old Knoxville Shannondale Continuing Care Retirement Community (SCCRC) campus that consists of four levels of service: Independent Living Homes, Independent Living Apartments, Assisted Living Centers and Skilled Nursing Facilities. Shannondale Rehabilitation Center plans to construct a thirty-two (32 bed) facility, and requests only thirty (30) beds to be approved at this time. Licensure for the two additional beds will be requested at a later date. No additional expansion projects are planned for the SCCRC campus for the next four years through 2017.

The proposed Shannondale Rehabilitation Center project will allow the delivery of services in private rooms and enable the existing Shannondale Health Care Center to convert all semi-private rooms into private rooms, as it will reduce its licensed bed complement by twenty-four (24) beds if the proposed project is approved.

Operational funding will be provided through private paying patients, private insurance and Medicare.

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125 bed Nursing Home Bed Pool

- The applicant is requesting 30 new beds which will come from the Nursing Home 125 bed pool for the July 2013 to June 2014 state fiscal year period.
- There are currently 125 nursing home beds available in the July 2013 to June 2014 bed pool.
- A copy of the 125 bed pool bed stats is located at the end of this summary.

Ownership

Shannondale Rehabilitation Center will be owned by Presbyterian Homes of Tennessee, which is a non-profit church related corporation originally formed in 1962. Presbyterian Homes of Tennessee, Inc. owns two Continuing Care Retirement Communities: Shannondale of Knoxville (Knox County) and Shannondale of Maryville (Blount County). Please see Section A, Item 4a and 4b for the Ownership Structure Organizational chart.

Facility Information

The proposed 38,251 square foot facility will consist of thirty (30) private beds. Each private room will include electric beds with scales, nursing station communication equipment, private handicap accessible bathrooms, storage closets, flat screen televisions and wifi access. The facility will be equipped with a rehabilitation and therapy gym, dining room, aquatic therapy pool, activities and game rooms, administrative and admissions offices, lounges, a java and ice cream café, and outdoor walk area with flower gardens and a fountain. Nurses' stations will serve each wing of the building.

A description of all the current Shannondale Continuing Care Retirement Community structures is located on page 4 of supplemental #1.

Service Area Demographics

Shannondale Rehabilitation Center declared service area is Knox County.

- The total population of the service area is estimated at 448,093 residents in calendar year (CY) 2013 increasing by approximately 4.9% to 470,092 residents in CY 2017.
- The overall statewide population is projected to grow by 3.7% from 2013 to 2017.
- The Knox County population cohort of age 65 and older presently accounts for approximately 19.6% of the total population compared to a state-wide average of 14.1% in CY 2013.
- The 65 and older population will increase from 14.2% of the general population in 2013 to 16% in 2017. The statewide 65 and older population will increase from 14.5% in 2013 of the general population to 15.8% in 2017.
- The proportion of TennCare enrollees of the total county population is 14%, compared with the state-wide average of 18.3%.

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Source: The University of Tennessee Center for Business and Economic Research
Population Projection Data Files, Reassembled by the Tennessee Department of Health,
Division of Policy, Planning and Assessment, Office of Health Statistics.

Historical Utilization

Service Area (Knox County) Historical Utilization

Nursing Home	2013 Lic.'d Beds	2009 Patient Days	2010 Patient Days	2011 Patient Days	'09- '11 % Change	2009 % Occ.	2010 % Occ.	2011 % Occ.
Brakebill Nursing Home	222	78,437	79,340	77,894	-.69%	96.8%	97.9%	96.1%
Fort Sanders Transitional Care	24	7,854	7,159	6,714	-14.5%	89.6%	81.7%	76.6%
Hillcrest HC North	271	85,885	94,579	94,479	+10%	86.8%	95.66 %	95.5%
Hillcrest HC South	95	34,625	33,348	31,681	-8.5%	99.7%	96.2%	91.4%
Hillcrest West*	194	49,223	12,225	23,874	-51.5%	69.5%	17.3%	33.7%
Holston H & Rehab**	109	38,295	28,673	27,361	-28.6%	96.3%	72.1%	68.8%
Little Creek Sanitarium	38	13,688	13,651	13,651	-.3%	98.7%	98.4%	98.4%
NHC HC, Farragut	90	31,035	30,972	31,246	.7%	94.5%	94.5%	95.1%
NHC HC, Ft. Sanders	172	58,744	58,195	56,652	-3.56%	93.6%	92.7%	90.2%
NHC HC, Knoxville	139	36,423	43,042	41,548	14.07%	71.8%	84.8%	81.9%
Northhaven HC Ctr	96	32,603	28,372	30,977	-5%	93.05%	81%	88.4%
Serene Manor Med. Ctr.	79	28,178	27,680	27,636	-1.9%	97.7%	96%	95.8%
Shannondale HC Ctr	200	71,299	70,844	71,351	.07%	97.7%	97.1%	97.7%
Summit View - Farragut	113	38,171	36,794	37,995	.46%	92.6%	89.2%	92.1%
St. Mary' s TCU	25	7,417	7,413	6,804	-8.3%	81.3%	81.2%	74.6%
Total***	1,867	611,877	572,287	579,863	-5.2%	90.6%	85%	85%

Source: Tennessee Department of Health, Division of Health Statistics, Joint Annual Reports

*Hillcrest West lost their CMS certification in March 2010 and was not recertified until 2011. During this time period, Hillcrest West staffed only 36 beds and provided services only to private pay patients.

**NHC purchased Holston Health and Rehab on 1/5/08 and received Medicaid certification on 1/1/11.

Source: Tennessee Department of Health, Division of Health Statistics Joint Annual Report of Nursing Homes 2011

***The Tennessee State Veterans' Home, located at One Veterans Way, Knoxville, TN, licensed for 140 beds, was not included in the Knox County Nursing Home Inventory. T.C.A. 68-11-1607(f) (1) states Tennessee State Veterans' homes are not required to obtain a certificate of need and T.C.A. 68-11-1607 (f) (2) states the beds located in any Tennessee state veterans' homes shall not be considered by the HSDA when granting a certificate of need to a healthcare institution due to a change in the number of licensed beds, redistributing beds, or relocating beds.

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The utilization table on the preceding page reflects the following:

- There was a 5.2% decrease in total patient days in Knox County from 611,877 in 2009 to 579,863 in 2011.
- The nursing home bed occupancy rate decreased from 90.6% in 2009 to 85% in 2011 in Knox County.

**Inventory & Average Daily Census of Knox Co.
Nursing Homes 2011**

*Medicare-certified beds	Licensed Beds	*Medicaid re-certified beds	SNF Medicare ADC	SNF Medicaid ADC	SNF All Other Payors ADC	Non-Skilled Medicaid ADC	Non-skilled All Other Payors ADC	Total ADC	Licensed Occupancy
Brakebill Nursing Home	222	82	25	128	5	3	52	213	96.1%
Fort Sanders Transitional Care	24	24	17	0	2	0	0	18	76.6%
Hillcrest HC North	271	271	31	12	30	181	34	259	95.6%
Hillcrest HC South	95	95	12	1	0	62	12	87	91.4%
Hillcrest West	194	194	18	0	0	36	12	66	33.7%
Holston H & Rehab	109	109	45	0	1	2	28	75	68.8%
Little Creek Sanitarium	38	0	0	0	0	0	37	37	98.4%
NHC HC, Farragut	90	90	68	0	18	0	0	87	95.1%
NHC HC, Ft. Sanders	172	172	32	40	14	70	0	155	90.2%
NHC HC, Knoxville	139	139	25	11	7	48	23	114	81.9%
Northhaven HC Ctr.	96	96	13	2	0	65	5	85	88.0%
Serene Manor Med. Ctr.	79	79	0	0	0	76	10	76	95.8%
Shannondale HC Ctr.	200	200	18	1	0	121	56	196	97.7%
Summit View - Farragut	113	113	16	2	32	31	23	104	92.1%
St. Mary's Transitional Unit	25	25	16	40	2	0	0	19	74.6%
Total	1,867	1,689	336	197	81	695	282	1,591	85 %

* Includes dually-certified beds

The table above of the Knox County Nursing home inventory and average daily census for 2011 indicates the following:

- Medicare Skilled ADC was 336 or 17.9% of all licensed beds.
- Medicaid Skilled ADC was 197 or 10.5% of all licensed beds.

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- Other Payor Skilled ADC was 81 or 4.3% of licensed beds.
- Medicaid Non-Skilled ADC was 695 or 37.2% of licensed beds.
- Other Payor Non-Skilled ADC was 282 or 15.1% of licensed beds.

Projected Utilization

Shannondale Rehabilitation Center Projected Utilization

Year	Licensed Beds	*Medicare-certified beds	SNF Medicare ADC	SNF Medicaid ADC	SNF All other Payors	Non-Skilled ADC	Total ADC	Licensed Occupancy
2017	30	30	22.5	0	6.0	0	28.7	95%
2018	30	30	22.5	0	6.0	0	28.7	95%

* Includes dually-certified beds

- The above table projects the licensed occupancy will remain unchanged at 95% in 2017 and 2018.
- In 2018 on average the 30 Medicare skilled beds will contain 22.5 Medicare skilled patients and 6.0 other payor skilled patients.

Project Cost

Major costs are:

- Construction- \$5,417,150 or 81% of total cost
- Preparation of Site- \$325,000 or 4.9% of total cost
- Acquisition of Site- \$247,500 or 3.7% of total cost

For other details on Project Cost, see the Project Cost Chart.

The construction cost is \$141.51 per square foot. As reflected in the table on the following page, the construction cost is below the 1st quartile of \$164.57 per square foot and the Median of \$167.31 per square foot of statewide nursing home construction projects from 2010 to 2012. The construction cost for this project is below the construction cost projected for Health Center of Nashville, LLC, CN1107-024, approximately \$167.00 per square foot, which is right at the median.

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**Statewide
Nursing Home Construction Cost Per Square Foot
2010-2012**

	Renovated Construction	New Construction	Total construction
1st Quartile	\$19.30/sq. ft.	\$164.57/sq. ft.	\$73.23/sq. ft.
Median	\$35.76/sq. ft.	\$167.31/sq. ft.	\$166.57/sq. ft.
3rd Quartile	\$55.00/sq. ft.	\$181.72/sq. ft.	\$167.61/sq. ft.

Source: HSDA Applicant's Toolbox

A letter dated July 22, 2013 from the architectural firm Cooper Architecture, LLC, indicates the proposed nursing home will be constructed to comply with all applicable building and life safety codes and to the requirements specified in the latest editions of the Guidelines for the Design and Construction of Health Care Facilities.

Historical Data Chart

The historical data chart for the existing 200 bed SHCC was provided by the applicant.

- According to the Historical Data Chart SHCC experienced profitable operating results for the three most recent years reported: \$762,298 for 2010; \$1,358,724 for 2011; and \$82,556 for 2012.
- Contractual adjustments increased 13.5% from \$2,264,809 in 2010 to \$2,570,335 in 2012.
- Average Annual Net Operating Income (NOI) was approximately .5% of annual net operating revenue for the year 2012.

Projected Data Chart

The applicant projects \$4,458,300.00 in total gross revenue on 10,402 patient days during the first year of operation and \$4,496,500 on 10,431 patient days in Year Two (approximately \$431.00 per day). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal \$731,300 in Year One decreasing to \$632,500 in Year Two.
- Net operating revenue after bad debt, charity care, and contractual adjustments is expected to reach \$3,659,500 or approximately 81.3% of total gross revenue in Year Two.
- The Projected Data Chart is based on a 95% occupancy rate in Year One and Year Two.
- There is no provision for charity care. While the existing 200 bed SHCC participates in Medicare and Medicaid, the proposed 30 bed facility will be Medicare only.

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Charges

In Year One of the proposed project, the average patient daily charges are as follows:

- The proposed average gross per diem charge is \$431.07/day in 2017.
- The average deduction is \$80.24/case, producing an average net per diem charge of \$350.83/day.

Payor Mix

- Medicare- Charges will equal \$3,120,364 in Year One representing 69.99% of total gross revenue.
- Commercial Insurance and Private Pay are expected to be the sources for the remaining revenue.

Financing

A July 26, 2013 letter from Glen McDaniel, Chief Financial Officer of Presbyterian Homes of Tennessee, Inc., confirms the availability of cash reserves in Trust Accounts to fund the \$6,609,488 proposed project. The total amount in the Trust Funds as of June 26, 2013 total \$13,117,600.

Shannondale Healthcare's audited financial statements for the period ending May 31, 2013 indicates \$3,406,694 in cash and investments, total current assets of \$15,220,829, total current liabilities of \$4,749,958 and a current ratio of 3.20:1.

Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

Staffing

The applicant's proposed direct patient care staffing includes the following:

- 1.0 FTE Registered Nurses and
- 7.0 FTE LPN's and
- 16.5 FTE Aides and
- 2.0 FTE Physical Therapists and
- 2.0 Physical Therapist Assistant
- 1.0 Therapy Tech
- 1.0 Occupational Therapists
- 1.0 Certified occupational Therapy Assistant
- 1.0 FTE Speech Pathologist

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The staffing patterns indicate there will be one (1) registered nurse and two (2) LPNs on the day shift, two (2) LPNs on the second shift and one (1) LPN on the night shift. A registered nurse house supervisor will be available 24 hours a day in the proposed facility.

The applicant plans to designate the Shannondale Health Care Center (SHCC)'s Director of Nursing Services as the Director of Nursing to oversee the operations of the proposed project, which may require approval by the Department of Health. In addition, a physician Program Director will be on contract with the new facility.

Licensure/Accreditation

Shannondale Rehabilitation Center will be licensed by the Tennessee Department of Health and certified by Medicare.

A state licensure survey of Shannondale Health Care Center was conducted on January 29-31, 2012 by the Tennessee Department of Health, Office of Health Licensure and Regulation, East Tennessee Region. A letter dated March 2, 2012 from the Tennessee Department of Health, verifies the facilities plan of correction was accepted and the facility was in compliance with all participation requirements. A copy of the 24 page January 29-31, 2012 survey and March 2, 2012 letter is located in the supplemental response.

Corporate documentation, real estate lease, and detailed demographic information are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in **two** years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no Letters of Intent, denied or pending applications, or outstanding Certificates of Need for other health care organizations in the service area proposing this type of service.

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PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

PME 9/6//2013

July 1, 2013 – June 30, 2014
125 BED POOL

NH BEDS APPROVED	0 NURSING HOME BEDS
NH BEDS PENDING	30 NURSING HOME BEDS
SWING BEDS APPROVED	0 SWING BEDS
SWING BEDS PENDING	0 SWING BEDS
TOTAL BEDS DENIED/WITHDRAWN	0 BEDS
SUBTOTAL-- BEDS REQUESTED	30 BEDS
TOTAL BEDS AVAILABLE FROM POOL	125 BEDS
(TOTAL PENDING BEDS)	(30 BEDS)

COUNTY	PROJECT NUMBER	FACILITY	PROJECT DISPOSITION	MEETING DATE	DESCRIPTION
Knox	CN1307-024	Shannondale Rehabilitation Center	PENDING	10/23/13	The establishment of a new thirty (30)* bed Medicare skilled nursing home to be known as Shannondale Rehabilitation Center. The facility will be located on the campus of Shannondale Continuing Care Retirement Community at 7510 and 7522 Middlebrook Pike, Knoxville (Knox County), TN. The estimated project cost is \$6,609,488.00.

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LETTER OF INTENT



2013 JUL 9 AM 8 23

LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Knoxville News Sentinel which is a newspaper of general circulation in Knox, Tennessee, on or before July 8, 2013 for one day.

(Name of Newspaper)
(County) (Month / day) (Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency,

Shannondale Health Care Center

Skilled Nursing Facility

(Name of Applicant)

(Facility Type-Existing)

owned by: Presbyterian Homes of Tennessee, Inc. with an ownership type of Not For Profit and to be managed by: Presbyterian Homes of Tennessee intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]:

The establishment of a new 30-bed Medicare Skilled Nursing Home known as Shannondale Rehabilitation Center (SRC). SRC will be located at 7510 and 7522 Middlebrook Pike, Knoxville, TN 37909 which is part of the existing Shannondale Continuing Care Retirement Community (SCCRC) campus. SRC will operate all 30 beds as private rooms. It will be located adjacent to Shannondale Health Care Center (SHHC) which is a 200-bed dually certified nursing home also located on the SCCRC campus at 7424 Middlebrook Pike and will share some services such as Administrative, Dietary, Rehab, Nursing, Environmental and Maintenance Staff. Upon licensing of the SRC, SHHC will de-license 24 of its semi-private nursing home beds. The new facility will contain approximately 38,281 square feet and the estimated cost will be \$ 5,742,150.00.

The anticipated date of filing the application is: July 8, 2013

The contact person for this project is William R. Thomas, Jr. President and CEO

(Contact Name) (Title)

who may be reached at: Shannondale Health Care Center 801 Vanosdale Road

(Company Name) (Address)

Knoxville TN 37909 865-690-3411

(City) (State) (Zip Code) (Area Code / Phone Number)

William R. Thomas, Jr. July 8, 2013 bthomas@shannondaletn.com

(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
The Frost Building, Third Floor
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Copy

Application

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Shannondale Rehabilitation Center

SECTION A: APPLICANT PROFILE – ITEM 1

1. Facility Name must be applicant facility's name and address must be the site of the proposed project.

Facility Name: Shannondale Rehabilitation Center

Address: 7510 and 7522 Middlebrook Pike, Knoxville, Tennessee 37909

SECTION A: APPLICANT PROFILE – ITEM 3

3. Attach Copy of the partnership agreement, or corporate charter and certificate of corporate existence, if applicable, from the Tennessee Secretary of State.

Copy of Corporate Charter

Certificate of Corporate Existence from Tennessee Secretary of State

See Attachments - Section A, Applicant Profile - Item 3-a – Corporate Charter
Section A, Applicant Profile - Item 3-b – Copy of State Certificate
Section A, Applicant Profile - Item 3-c - Certificate of Existence

SECTION A: APPLICANT PROFILE – ITEM 4

4. Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% or more ownership interest. In addition, please document the financial interest of the applicant, and the applicant's parent company/owner in any other health care institution as defined in Tennessee Code Annotated, §68-11-1602 in Tennessee. At a minimum, please provide the name, address, current status of licensure/certification, and percentage of ownership for each health care institution identified.

The ownership of the proposed Shannondale Skilled Nursing Facility will be Presbyterian Homes of Tennessee, Inc. which is a non-profit Church Related Corporation and was organized in 1962. Presbyterian Homes of Tennessee, Inc. operates two Continuing Care Retirement Communities located in Knoxville and Maryville, Tennessee.

Presbyterian Homes of Tennessee, Inc. is governed by a Board of Directors (See Attached List of Board Members) and the members are approved for service by The Presbytery of Union of the Presbyterian Church U.S.A. No member of the Board of Directors has ownership interest in the Corporation and all members volunteer their service on the Board.

The proposed Skilled Nursing Facility will add another dimension of service which is offered by the Shannondale of Knoxville Continuing Care Retirement Community.

See Attachment - Section A, Item 4a & 4b - Ownership Structure Organizational Chart

SECTION A: APPLICANT PROFILE – ITEM 6

6. For applicants or applicant's parent company/owner that currently own the building/land for the project location; attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements **must include** anticipated purchase price. Lease/Option to Lease Agreements **must include** the actual/anticipated term of the agreement **and** actual/anticipated lease expense. The legal interests described herein **must be valid** on the date of the Agency's consideration of the certificate of need application.

Deed for the property located at 7510 Middlebrook Pike.

Option Agreement to purchase property located at 7522 Middlebrook Pike.

See Attachments Section A, Item 6-a – Deed for 7510 Property

Section A, Item 6-b – Option Agreement to Purchase 7522 Middlebrook

1. **Name of Facility, Agency, or Institution**

Shannondale Rehabilitation Center

Name

7510 and 7522 Middlebrook Pike

Street or Route

Knoxville

City

Tennessee

State

Knox

County

37909

Zip Code

2. **Contact Person Available for Responses to Questions**

William Thomas

Name

President and CEO

Title

Presbyterian Homes of Tennessee, Inc.

Company Name

bthomas@shannondaletn.com

Email address

801 Vanosdale Road

Street or Route

Knoxville

City

TN

State

37909

Zip Code

President and CEO

Association with Owner

865-690-3411

Phone Number

865-246-1799

Fax Number

3. **Owner of the Facility, Agency or Institution**

Presbyterian Homes of Tennessee, Inc.

Name

865-690-3411

Phone Number

801 Vanosdale Road

Street or Route

Knox

County

Knoxville

City

TN

State

37909

Zip Code

4. **Type of Ownership of Control (Check One)**

A. Sole Proprietorship

B. Partnership

C. Limited Partnership

D. Corporation (For Profit)

E. Corporation (Not-for-Profit)

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input checked="" type="checkbox"/>

F. Government (State of TN or Political Subdivision)

G. Joint Venture

H. Limited Liability Company

I. Other (Specify)

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

5. **Name of Management/Operating Entity (If Applicable)**

N/A		
Name		
Street or Route		County
City	State	Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. **Legal Interest in the Site of the Institution (Check One)**

A. Ownership	<input checked="" type="checkbox"/>	D. Option to Lease	<input type="checkbox"/>
B. Option to Purchase	<input type="checkbox"/>	E. Other (Specify)	<input type="checkbox"/>
C. Lease of <input type="text"/> Years	<input type="checkbox"/>		

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

7. **Type of Institution (Check as appropriate--more than one response may apply)**

A. Hospital (Specify) <input type="text"/>	<input type="checkbox"/>	I. Nursing Home	<input checked="" type="checkbox"/>
B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty	<input type="checkbox"/>	J. Outpatient Diagnostic Center	<input type="checkbox"/>
C. ASTC, Single Specialty	<input type="checkbox"/>	K. Recuperation Center	<input type="checkbox"/>
D. Home Health Agency	<input type="checkbox"/>	L. Rehabilitation Facility	<input type="checkbox"/>
E. Hospice	<input type="checkbox"/>	M. Residential Hospice	<input type="checkbox"/>
F. Mental Health Hospital	<input type="checkbox"/>	N. Non-Residential Methadone Facility	<input type="checkbox"/>
G. Mental Health Residential Treatment Facility	<input type="checkbox"/>	O. Birthing Center	<input type="checkbox"/>
H. Mental Retardation Institutional Habilitation Facility (ICF/MR)	<input type="checkbox"/>	P. Other Outpatient Facility (Specify) <input type="text"/>	<input type="checkbox"/>
		Q. Other (Specify) <input type="text"/>	<input type="checkbox"/>

8. **Purpose of Review (Check) as appropriate--more than one response may apply)**

A. New Institution	<input checked="" type="checkbox"/>	G. Change in Bed Complement [Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation]	<input type="checkbox"/>
B. Replacement/Existing Facility	<input type="checkbox"/>	H. Change of Location	<input type="checkbox"/>
C. Modification/Existing Facility	<input type="checkbox"/>	I. Other (Specify) <input type="text"/>	<input type="checkbox"/>
D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify) <input type="text"/>	<input type="checkbox"/>		
E. Discontinuance of OB Services	<input type="checkbox"/>		
F. Acquisition of Equipment	<input type="checkbox"/>		

9. **Bed Complement Data**

Please indicate current and proposed distribution and certification of facility beds.

	<u>Current Beds Licensed</u>	<u>*CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
B. Surgical	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
C. Long-Term Care Hospital	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
D. Obstetrical	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
E. ICU/CCU	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
F. Neonatal	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
G. Pediatric	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
H. Adult Psychiatric	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
I. Geriatric Psychiatric	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
J. Child/Adolescent Psychiatric	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
K. Rehabilitation	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
L. Nursing Facility (non-Medicaid Certified)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
M. Nursing Facility Level 1 (Medicaid only)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
N. Nursing Facility Level 2 (Medicare only)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="30"/>	<input type="text" value="30"/>
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
P. ICF/MR	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Q. Adult Chemical Dependency	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
R. Child and Adolescent Chemical Dependency	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
S. Swing Beds	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
T. Mental Health Residential Treatment	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
U. Residential Hospice	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
TOTAL	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="30"/>	<input type="text" value="30"/>

*CON-Beds approved but not yet in service

10. **Medicare Provider Number**
Certification Type

11. **Medicaid Provider Number**
Certification Type

12. **If this is a new facility, will certification be sought for Medicare and/or Medicaid?**

13. **Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants?** **If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.**

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

SECTION B: PROJECT DESCRIPTION I.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

An establishment of a 30 bed Skilled Nursing Home Facility known as Shannondale Rehabilitation Center is proposed by Presbyterian Homes of Tennessee, Inc., a Non Profit Corporation. Upon construction completion and licensing of the new facility, Shannondale Health Care Center which is located on the same Continuing Care Retirement Community campus will de license 24 semi private beds and operate the current 200 bed skilled nursing facility as a 176 bed facility with all private rooms. This facility will provide skilled nursing and rehab services and will be equipped with a rehab gym which will have the latest state of the art equipment including:

- | | |
|--|---|
| ➤ <i>Nu Step Therapy Exerciser</i> | ➤ <i>Suspension System</i> |
| ➤ <i>Alter G Treadmill</i> | ➤ <i>Equipment Storage Areas</i> |
| ➤ <i>Omni Exercise Cycles</i> | ➤ <i>Swimex Aquatic Therapy Pool</i> |
| ➤ <i>Mat Tables</i> | ➤ <i>Open Gym Space</i> |
| ➤ <i>Parallel Bars</i> | ➤ <i>Therapy Office Spaces</i> |
| ➤ <i>Occupational Therapy Table</i> | ➤ <i>Walk Therapy Track</i> |
| ➤ <i>Pulley System</i> | ➤ <i>Biodex Balance SD</i> |
| ➤ <i>Weight System</i> | ➤ <i>Speech and Voice Treatment Room</i> |
| ➤ <i>Theraband Station</i> | ➤ <i>ADL Treatment Room</i> |
| ➤ <i>Easy Street Environment Area</i> | |

Other service areas will include:

- ***Salon with Massage Therapy***
- ***Dining Room***
- ***Activities and Game Rooms***
- ***Administrative and Admissions Offices***
- ***Nurses Stations***
- ***Lounges***
- ***Java and Ice Cream Café***
- ***Outdoor Walk Areas with Flower Gardens and Fountain***

Thirty two (30) fully equipped private patient rooms which includes the following amenities:

- ***Electric Beds with scales***
- ***Emergency call station and Communication System between patient and nursing station***
- ***Private baths with handicap accessible showers***
- ***Storage closets***
- ***Flat screen televisions***
- ***Wi Fi access***

SECTION B: PROJECT DESCRIPTION (B: I. continued)

The service area for patients requiring care in this facility will be for patients from Shannondale of Knoxville which is part of our Continuing Care Retirement Community and Knox County as well as surrounding counties as the need may arise.

The need for this facility is essential for converting all semi private rooms in the existing Shannondale Health Care Center to private rooms by de licensing 24 semi private room beds.

To further support the need for additional skilled nursing home beds in Knox County the criteria compiled from the Tennessee Department of Health Guidelines for Growth indicates that there is a need of 934 additional beds based on the 2011 population of 436,104.

SEE ATTACHMENT**SECTION B: PROJECT DESCRIPTION B-I**

This new facility will be supported by the existing Shannondale Health Care Center which is located on the same campus. Support services such as Administrative, Nursing, Dietary, Housekeeping, Rehab, Admissions, Social Services and other staff will be provided from the existing facility.

The facility will meet all staffing requirements as provided by State and Federal guidelines. Many of the staff members required for the operation of this facility are already employed in the existing Shannondale Health Care Center.

The cost for construction of the new 30 bed facility and renovation of the existing semi-private rooms will be \$5,742,150.00 and will be built with reserve funds provided by Presbyterian Homes of Tennessee, Inc. No Bank or Financial Institution loans will be necessary for the completion of this project.

Operational funding for this new facility will be provided through private paying patients, private insurance and Medicare.

The financial feasibility of this project is support by the fact that the average patient census of Shannondale Health Care Center is as follows:

2013 Patient Census	96.80%
2012 Patient Census	96.26%

SECTION B: PROJECT DESCRIPTION I.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

An establishment of a 30 bed Skilled Nursing Home Facility known as Shannondale Rehabilitation Center is proposed by Presbyterian Homes of Tennessee, Inc., a Non Profit Corporation. Upon construction completion and licensing of the new facility, Shannondale Health Care Center which is located on the same Continuing Care Retirement Community campus will de license 24 semi private beds and operate the current 200 bed skilled nursing facility as a 176 bed facility with all private rooms. This facility will provide skilled nursing and rehab services and will be equipped with a rehab gym which will have the latest state of the art equipment including:

- | | |
|--|---|
| ➤ <i>Nu Step Therapy Exerciser</i> | ➤ <i>Suspension System</i> |
| ➤ <i>Alter G Treadmill</i> | ➤ <i>Equipment Storage Areas</i> |
| ➤ <i>Omni Exercise Cycles</i> | ➤ <i>Swimex Aquatic Therapy Pool</i> |
| ➤ <i>Mat Tables</i> | ➤ <i>Open Gym Space</i> |
| ➤ <i>Parallel Bars</i> | ➤ <i>Therapy Office Spaces</i> |
| ➤ <i>Occupational Therapy Table</i> | ➤ <i>Walk Therapy Track</i> |
| ➤ <i>Pulley System</i> | ➤ <i>Biodex Balance SD</i> |
| ➤ <i>Weight System</i> | ➤ <i>Speech and Voice Treatment Room</i> |
| ➤ <i>Theraband Station</i> | ➤ <i>ADL Treatment Room</i> |
| ➤ <i>Easy Street Environment Area</i> | |

Other service areas will include:

- ***Salon with Massage Therapy***
- ***Dining Room***
- ***Activities and Game Rooms***
- ***Administrative and Admissions Offices***
- ***Nurses Stations***
- ***Lounges***
- ***Java and Ice Cream Café***
- ***Outdoor Walk Areas with Flower Gardens and Fountain***

Thirty two (30) fully equipped private patient rooms which includes the following amenities:

- ***Electric Beds with scales***
- ***Emergency call station and Communication System between patient and nursing station***
- ***Private baths with handicap accessible showers***
- ***Storage closets***
- ***Flat screen televisions***
- ***Wi Fi access***

SECTION B: PROJECT DESCRIPTION (B: I. continued)

The service area for patients requiring care in this facility will be for patients from Shannondale of Knoxville which is part of our Continuing Care Retirement Community and Knox County as well as surrounding counties as the need may arise.

The need for this facility is essential for converting all semi private rooms in the existing Shannondale Health Care Center to private rooms by de licensing 24 semi private room beds.

To further support the need for additional skilled nursing home beds in Knox County the criteria compiled from the Tennessee Department of Health Guidelines for Growth indicates that there is a need of 934 additional beds based on the 2011 population of 436,104.

SEE ATTACHMENT**SECTION B: PROJECT DESCRIPTION B-I**

This new facility will be supported by the existing Shannondale Health Care Center which is located on the same campus. Support services such as Administrative, Nursing, Dietary, Housekeeping, Rehab, Admissions, Social Services and other staff will be provided from the existing facility.

The facility will meet all staffing requirements as provided by State and Federal guidelines. Many of the staff members required for the operation of this facility are already employed in the existing Shannondale Health Care Center.

The cost for construction of the new 30 bed facility and renovation of the existing semi-private rooms will be \$5,742,150.00 and will be built with reserve funds provided by Presbyterian Homes of Tennessee, Inc. No Bank or Financial Institution loans will be necessary for the completion of this project.

Operational funding for this new facility will be provided through private paying patients, private insurance and Medicare.

The financial feasibility of this project is support by the fact that the average patient census of Shannondale Health Care Center is as follows:

2013 Patient Census	96.80%
2012 Patient Census	96.50%

SECTION B: PROJECT DESCRIPTION II. – A

II Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project

If the project involves none of the above, describe the development of the proposal.

Presbyterian Homes of Tennessee, Inc. (dba Shannondale) is a not for profit Corporation which operates a Continuing Care Retirement Community located in West Knoxville. Shannondale Health Care Center located at 7424 Middlebrook Pike, Knoxville, Tennessee 37909 is part of this Continuing Care Retirement Community and operates as a dually certified 200 bed Licensed Nursing Home.

Shannondale Health Care Center has operated at this location since 1972 with 152 private rooms (152 beds) and 24 semi-private rooms (48 beds) which consists of a total of 200 beds. It is the desire of the Board of Director's and Administration of the organization to de-license 24 nursing home beds upon completion and licensing of the new 30 bed Skilled Nursing Home Facility and convert the existing semi-private rooms into private rooms.

Upon de-licensing the 24 Nursing Home beds at Shannondale Health Care Center all Skilled Nursing Home beds will be operated as private rooms.

The Certificate of Need requests that the Tennessee Health Services and Development Agency grant 30 Skilled Nursing Home beds for construction of a new facility to be located at 7510 and 7522 Middlebrook Pike, Knoxville, Tennessee.

This new 30 bed facility will provide Skilled Nursing and Rehabilitative Services, will be approximately 38,281 square feet and the estimated cost of construction is \$5,742,150.00.

No major Medical Equipment will be required for the new project.

SECTION B: PROJECT DESCRIPTION II. – B

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

The construction of the new 30 bed facility will require that the Health Service and Development Agency grant thirty (30) Nursing Home beds from the Nursing Home pool.

The de-licensing of the 24 Skilled Nursing Home beds at Shannondale Health Care Center will allow the facilities to convert all semi-private rooms into private rooms allowing for greater privacy of each patient. The new 30 bed Nursing Home Facility will also create a larger state of the art treatment facility for patients requiring rehab services and fully equipped private rooms.

SECTION B: PROJECT DESCRIPTION II. – C

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. ****Long-term Care Services**
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

****12. Long-term Care Services**

There is a need in the Shannondale of Knoxville Continuing Care Retirement Community to provide services for Long Term Care Patients who reside in the Shannondale Community along with patients admitted from hospitals from Knox and surrounding counties who require Skilled Nursing and Rehab Services.

SECTION B: PROJECT DESCRIPTION II. – D

D. Describe the need to change location or replace an existing facility.

The approval of the CON application will allow the facilities to operate all Nursing Home beds as private rooms.

SECTION B: PROJECT DESCRIPTION 34 – E

- E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:
1. For fixed-site major medical equipment (not replacing existing equipment):
 - a. Describe the new equipment, including:
 1. Total Cost (As defined by Agency Rule).
 2. Expected useful life;
 3. List of clinical applications to be provided; and
 4. Documentation of FDA approval
 - b. Provide current and proposed schedules of operations
 2. For mobile major medical equipment:
 - a. List all sites that will be served;
 - b. Provide current and/or proposed schedule of operations
 - c. Provide the lease or contract cost.
 - d. Provide the fair market value of the equipment; and
 - e. List the owner for the equipment
 3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

NOT APPLICABLE TO ALL QUESTIONS IN THIS SECTION

SECTION B: PROJECT DESCRIPTION: III – A

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which **must include**:

1. Size of site (in acres);
2. Location of structure on the site; and
3. Location of the proposed construction
4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

See Attachment B. Project Description – III. (A)

SECTION B: PROJECT DESCRIPTION: III – B

- III. (B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

The location of the facility is inside the City of Knoxville and all public transportation is available to this site and is accessible to all patients and clients.

SECTION B: PROJECT DESCRIPTION: IV

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 ½" x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS.** Simple line drawings should be submitted and need not be drawn to scale.

See Attachment B. Project Description – IV

SECTION B: PROJECT DESCRIPTION: V

- V. For a Home Health Agency or Hospice, identify:
1. Existing service area by County;
 2. Proposed service area by County;
 3. A parent or primary service provider;
 4. Existing branches; and
 5. Proposed branches.

NOT APPLICABLE

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

QUESTIONS

NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
 - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

See Attachments C, Need - Question – 1a
C, Need - Question – 1b

- b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

1-b NOT APPLICABLE

SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED (Question 2)

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

This project will eliminate many issues that arise out of not being able to utilize both beds in the semi-private room setting. Often residents are not able to be admitted to the semi-private rooms due to roommate incompatibility such as conflicting clinical issues, different gender and the sincere desire to not share a room during their recovery period. The average census level at the current facility has remained at 95% or above for the past five years. The elimination of the semi-private rooms and the issues that accompany utilization of both beds in the semi-private room setting will only help continue maintaining the overall 95% occupancy level and allow more of our Continuing Care Retirement Community residents to receive services within their "Home" campus.

SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED (Question 3)

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. **Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).**

Since the proposed project will be utilized by our current Continuing Care Retirement Community residents and other elderly individuals in the local service area and the elderly often have difficulty with transportation and travel, the primary service area has been determined to be Knox County. There is a possibility of a few individuals being served from outside of Knox County but the majority of those served will live in Knox County within a 20 minute drive time of the facility.

See Attachment C, Need - Question 3

SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED (Question 4)

4. A. Describe the demographics of the population to be served by this proposal

During the 20th Century, the number of people in the U.S. under the age of 65 has tripled. The population of those currently 65 + will double by 2045. As of this application date 10,000 individuals will turn 65 everyday for the next 15 years. The shift in population "Baby Boomers" turning 65 will dramatically stress our current health delivery system. The current population of Knox County is 436,104 and the growth in population is expected to increase (Utilizing the MPC Moderate Growth Projection) from 2010 to 2030 by 68.24% in the 65 – 74 age group and increase by 48.18 % in the 75 + age group. These two referenced age groups will make up the majority of those individuals who will be served by this proposal.

- B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

Shannondale Rehabilitation Center is accessible to the residents of our Continuing Care Retirement Community and the local community-at-large. We will participate in the Title 18 Medicare Program which will provide assistance to all income levels. We also comply with the Title VI, Section 504 Discrimination Policies. The Business Plan for this facility will be to provide needed services for skilled nursing care to our own campus residents and others who need such services.

SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED (Question 5)

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

See Attachment C, Need – Question 5

SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED - Question – 6 Need

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

Occupancy statistics for the past 3 years are compiled from data and opinions from Shannondale Health Care Center which is located on the Shannondale Continuing Care Retirement Center campus.

The projected annual utilization for the two (2) years following the completion of this project is 100%.

*See Attachments C, Need – Question 6a
C, Need – Question 6b*

**SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED - ECONOMIC
FEASIBILITY – (QUESTION 1)**

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)

The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

For projects that include new construction, modification, and/or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

See Attachment- Section C, Economic Feasibility – Question 1

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PROJECT COSTS CHART

SUPPLEMENTAL

A. Construction and equipment acquired by purchase:	
1. Architectural and Engineering Fees	395,000.00
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	5,000.00
3. Acquisition of Site	247,500.00
4. Preparation of Site	325,000.00
5. Construction Costs	5,417,150.00
6. Contingency Fund	0
7. Fixed Equipment (Not included in Construction Contract)	0
8. Moveable Equipment (List all equipment over \$50,000)	205,000.00
9. Other (Specify) _____	_____
B. Acquisition by gift, donation, or lease:	
1. Facility (inclusive of building and land)	_____
2. Building only	_____
3. Land only	_____
4. Equipment (Specify) _____	_____
5. Other (Specify) _____	_____
C. Financing Costs and Fees:	
1. Interim Financing	_____
2. Underwriting Costs	_____
3. Reserve for One Year's Debt Service	_____
4. Other (Specify) _____	_____
D. Estimated Project Cost (A+B+C)	6,594,650.00
E. CON Filing Fee	14,838.00
F. Total Estimated Project Cost (D+E)	_____
TOTAL	6,609,488.00

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (**Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.**)

- ☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
- ☒ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☐ F. Other—Identify and document funding from all other sources.

- 3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.
- 4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the **Proposal Only** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).
- 5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

**Attachments: C, Economic Feasibility – 2-E-a
C, Economic Feasibility – 2-E-b**

**SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED - ECONOMIC
FEASIBILITY – (QUESTION 3)**

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

The proposed project is reasonable in relation to similar facilities in the state. The cost per square foot is \$150.00 and the average cost per bed is \$191,338.33. These average costs are less than similar types of projects that have been approved in the past. Thus, quality services and the continuum of care will be expanded in the local service area in a cost effective manner.

The previously approved NHC Indian Path project yielded a total construction cost of \$199,723.37 per bed. The proposed Shannondale projects average cost per bed is \$8,385.04 less than the Indian Path Project.

**SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED - ECONOMIC
FEASIBILITY – (QUESTION 4)**

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (*i.e.*, if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

No historical data on proposed project

SUPPLEMENTAL

HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	Year 2012	Year 2011	Year 2010
A. Utilization Data (Specify unit of measure)	70,461 Days	71,351 Days	70,844 Days
B. Revenue from Services to Patients			
1. Inpatient Services	\$18,056,921	\$18,264,147	\$18,134,460
2. Outpatient Services	294,660	327,090	299,780
3. Emergency Services			
4. Other Operating Revenue (Specify) _____	140,081	131,588	122,697
Gross Operating Revenue	\$18,491,662	\$18,722,825	\$18,556,937
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ 2,570,335	\$ 1,947,108	\$ 2,264,809
2. Provision for Charity Care			
3. Provisions for Bad Debt			
Total Deductions	\$ 2,570,335	\$ 1,947,108	\$ 2,264,809
NET OPERATING REVENUE	\$15,921,327	\$16,775,717	\$16,292,128
D. Operating Expenses			
1. Salaries and Wages	\$ 8,163,399	\$ 7,840,285	\$ 7,769,089
2. Physician's Salaries and Wages	31,200	31,200	31,200
3. Supplies	575,016	604,341	566,526
4. Taxes	645,551	623,540	623,390
5. Depreciation	394,305	409,444	349,539
6. Rent	0	0	0
7. Interest, other than Capital	0	0	0
8. Management Fees:			
a. Fees to Affiliates	0	0	0
b. Fees to Non-Affiliates	0	0	0
9. Other Expenses – Specify _____	6,029,300	5,908,183	6,190,086
Total Operating Expenses	\$15,838,771	\$15,416,993	\$15,529,830
E. Other Revenue (Expenses) – Net (Specify) _____	\$ 0	\$ 0	\$ 0
NET OPERATING INCOME (LOSS)	\$ 82,556	\$ 1,358,724	\$ 762,298
F. Capital Expenditures			
1. Retirement of Principal	\$ 0	\$ 0	\$ 0
2. Interest	0	0	0
Total Capital Expenditures	\$ 0	\$ 0	\$ 0
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	\$ 82,556	\$ 1,358,724	\$ 762,298

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PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in _January_ (Month).

	Year 2015	Year 2016
A. Utilization Data (Specify unit of measure)	10,402 Days	10,431 Days
B. Revenue from Services to Patients		
1. Inpatient Services	\$4,447,300	\$4,485,500
2. Outpatient Services	11,000	11,000
3. Emergency Services		
4. Other Operating Revenue (Specify) _____		
Gross Operating Revenue	\$4,458,300	\$4,496,500
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ 812,000	\$ 837,000
2. Provision for Charity Care		
3. Provisions for Bad Debt		
Total Deductions	\$ 812,000	\$ 837,000
NET OPERATING REVENUE	\$3,646,300	\$3,659,500
D. Operating Expenses		
1. Salaries and Wages	\$1,555,000	\$1,600,000
2. Physician's Salaries and Wages	5,000	5,000
3. Supplies	95,000	100,000
4. Taxes	106,000	109,000
5. Depreciation	145,000	153,000
6. Rent	0	0
7. Interest, other than Capital	0	0
8. Management Fees:		
a. Fees to Affiliates	0	0
b. Fees to Non-Affiliates	0	0
9. Other Expenses – Specify _____	1,009,000	1,060,000
Total Operating Expenses	\$2,915,000	\$3,027,000
E. Other Revenue (Expenses) -- Net (Specify) _____	\$ 0	\$ 0
NET OPERATING INCOME (LOSS)	\$ 731,300	\$ 632,500
F. Capital Expenditures		
1. Retirement of Principal	\$ 0	\$ 0
2. Interest	0	0

July 31, 2013

8:31 am

	Total Capital Expenditures	\$ 0	\$ 0
NET OPERATING INCOME (LOSS)			
LESS CAPITAL EXPENDITURES		\$ 731,300	\$ 632,500

HISTORICAL DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	Year 2012	Year 2011	Year 2010
1. Patient Care	\$ 511,504	\$ 545,394	\$ 513,209
2. Pharmacy	1,181,055	1,563,882	1,709,652
3. Rehab	65,514	32,780	26,732
4. Dietary	599,569	566,224	548,672
5. Maintenance & Environmental	665,087	588,898	632,580
6. Administration & Employee Benefits	3,006,571	2,611,005	2,759,241
Total Other Expenses	\$6,029,300	\$5,908,183	\$6,190,086

PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	Year 2015	Year 2016
1. Patient Care	\$ 82,000	\$ 86,000
2. Pharmacy	189,000	199,000
3. Rehab	10,500	11,000
4. Dietary	96,000	101,000
5. Maintenance & Environmental	106,400	111,700
6. Administration & Employee Benefits	525,100	551,300
Total Other Expenses	\$1,009,000	\$1,060,000

**SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED - ECONOMIC
FEASIBILITY – (QUESTION 5)**

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

The projected Data Chart was used as the source of the requested calculations.

	<u>Year 1</u>	<u>Year 2</u>
<i>Average Gross Charges</i>	<i>\$ 478.63</i>	<i>\$ 483.28</i>
<i>Average Deductions</i>	<i>(76.16)</i>	<i>(78.44)</i>
<i>Average Net Charge</i>	<i>\$ 402.47</i>	<i>\$ 404.84</i>

SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED - ECONOMIC July 31, 2013
FEASIBILITY – (QUESTION 6) 8:31 am

1. A. Please provide the current and proposed charge schedules for the proposal and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

<u>Patient Charge/Reimbursement</u>	<u>Year 2014 Proposed</u>	<u>Year 2015 Proposed</u>
Private	\$232.00	\$238.00
Medicare	\$380.00	\$380.00
Medicare Part B	\$ 5.02	\$ 5.02

- 6 B. Compare the proposed charges to those of similar facilities in the service area, adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

See Attachment C, Economic Feasibility – Question 6-B

**SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED - ECONOMIC
FEASIBILITY – (QUESTION 7)**

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

This project will eliminate many issues that arise out of not being able to utilize both beds in the semi-private room setting. Often residents are not able to be admitted to the semi-private rooms due to roommate incompatibility because of conflicting clinical issues, different gender and the sincere desire to not share a room during their recovery period. The census level at the current facility has remained at 95% or above for the past five years. The elimination of the semi-private rooms and the issues that accompany utilization of both beds in the semi-private room setting will only help continue maintaining the overall 95% occupancy level and allow more of our Continuing Care Retirement Community residents to receive services within their "Home" campus. Higher utilization "Occupancy" rates will be achieved by offering more private rooms and will subsequently improve the Net Operating Income (NOI) from a level in 2012 of 82,556.00 to the projected NOI in 2014 of 1,504,000.00 and projected NOI of 1,406,000.00 for 2015.

**SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED - ECONOMIC
FEASIBILITY – (QUESTION 8)**

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

As noted in the Projected Data Chart, the Net Operating Income (NOI) less the capital expenditures for the proposed project will be 1,405,000.00 for 2014 and 1,406,000.00 for 2015. Therefore, based on these projection, it is clear that this project is financially viable at the start up and positively contributes to the additional cash flow to the corporation, thereby ensuring sufficient cash flow is available.

**SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED - ECONOMIC
FEASIBILITY – (QUESTION 9)**

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

The new proposed facility will participate only in the Medicare program. The projected revenue from the Medicare program for the first year of operation will be \$3,190,100.00 which will reflect 72% of the total revenue.

**SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED - ECONOMIC
FEASIBILITY – (QUESTION 10)**

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

See Attachment C, Economic Feasibility - 10

**SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED - ECONOMIC
FEASIBILITY – (QUESTION 11)**

Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

The major advantages of this project are as follows: (1) It would allow the residents who reside on our campus to more conveniently receive needed services closer to their friends and spouses who also reside on our campus. (2) Meet the demands of a changing customer base that desires a private room setting in which to recuperate.

As referenced above, this project will address the changing needs of our customer base. Our “on campus residents” will no longer have to receive services at another location where it is more difficult for their friends and spouses to visit.

- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

This is not applicable because there are no other arrangements that would allow our resident needs to be met to this extent.

SECTION C. CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE – (QUESTION 1)

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

The facility currently has transfer agreements with Parkwest Medical Center, University of Tennessee Medical Center, Shannondale of Maryville and Membership service agreements with Blue Cross / Blue Shield of Tennessee, Humana and United Health Care.

SECTION C. CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE – (QUESTION 2)

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

This proposed new facility will be a part of and located within the Shannondale Continuing Care Retirement Community in which the current Health Care Center participates in both the Medicare and Medicaid programs. We are requesting that this proposed facility be approved for 30 beds and that only participate in the Medicare Program. This project will mainly serve our current 429 residents on our campus and others who may require our services from the local community. There is a very small duplication of services but it will allow our residents to obtain the necessary services in a much more convenient setting.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE – (QUESTION 3)

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

See Attachment C –Orderly Development Of Health Care – Question 3

SECTION C: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE – (QUESTION 4)

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

The facility will meet all staffing requirements as provided by the State and Federal guidelines. The available staff is currently in place through the on-going operation of the present facility.

SECTION C: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE – (QUESTION 5)

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education.*

The Management team has reviewed and understands all licensing certification as required by the State of Tennessee for Medical / Clinical staff. All department head staff members are currently in place from the operation of the current facility.

SECTION C: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE – (QUESTION 6)

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

The facility is approved to and currently teaches the State of Tennessee Certified Nursing Assistant program. Our In-Service Director (RN) and other staff members are trained and certified in their respective areas and they provide on-going continuing education as required.

SECTION C: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE – (QUESTION 7)

- a. Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

The management team has reviewed and understands the licensure requirements as set forth by the State of Tennessee and CMS.

- b. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

- **State of Tennessee Board for Licensing Health Care Facilities**
- Licensure: **Tennessee Department of Health**
- Accreditation: **CMS**

- c. If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

NOT APPLICABLE

- d. For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

NOT APPLICABLE

SECTION C: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE – (QUESTION 8)

Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

NOT APPLICABLE

SECTION C: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE – (QUESTION 9)

Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

NOT APPLICABLE

SECTION C: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE – (QUESTION 10)

If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

We will report any information as requested by the Tennessee Health Services and Development Agency.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

See Attachment Proof of Publication

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.

PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-1-08609(c):

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. Architectural and engineering contract signed	7	7/13
2. Construction documents approved by the Tennessee Department of Health	90	12/13
3. Construction contract signed	7	12/13
4. Building permit secured	30	12/13
5. Site preparation completed	60	03/14
6. Building construction commenced		03/14
7. Construction 40% complete	90	06/14
8. Construction 80% complete	90	09/14
9. Construction 100% complete (approved for occupancy)	60	11/14
10. *Issuance of license		12/14
11. *Initiation of service		01/15
12. Final Architectural Certification of Payment		01/15
13. Final Project Report Form (HF0055)		01/15

* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

DEVELOPMENT SCHEDULE (Question 2)

2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

NOT APPLICABLE

AFFIDAVIT

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STATE OF Tennessee

COUNTY OF Knox

William R. Thomas, Jr.

being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

William R. Thomas, Jr. President and CEO
SIGNATURE/TITLE

Sworn to and subscribed before me this 9 day of July 2013 a Notary
(Month) (Year)

Public in and for the County/State of Knox



Margie F. Rieffey
NOTARY PUBLIC

My commission expires

11/14
(Month/Day)

2016
(Year)

Demographics

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The East Tennessee region has been enjoying steady population growth over the past several decades and much of this growth is driven by in-migration from other parts of the region, state and country. Since 2003, an average of nearly 5,000 people per year have moved into the county and enjoy a low cost of living, stable employment base and high quality of life. The Innovation Valley which includes Knox, Anderson, Blount, Loudon, Monroe and Roane counties is home to nearly 800,000 residents providing access to a large, skilled and motivated labor force.

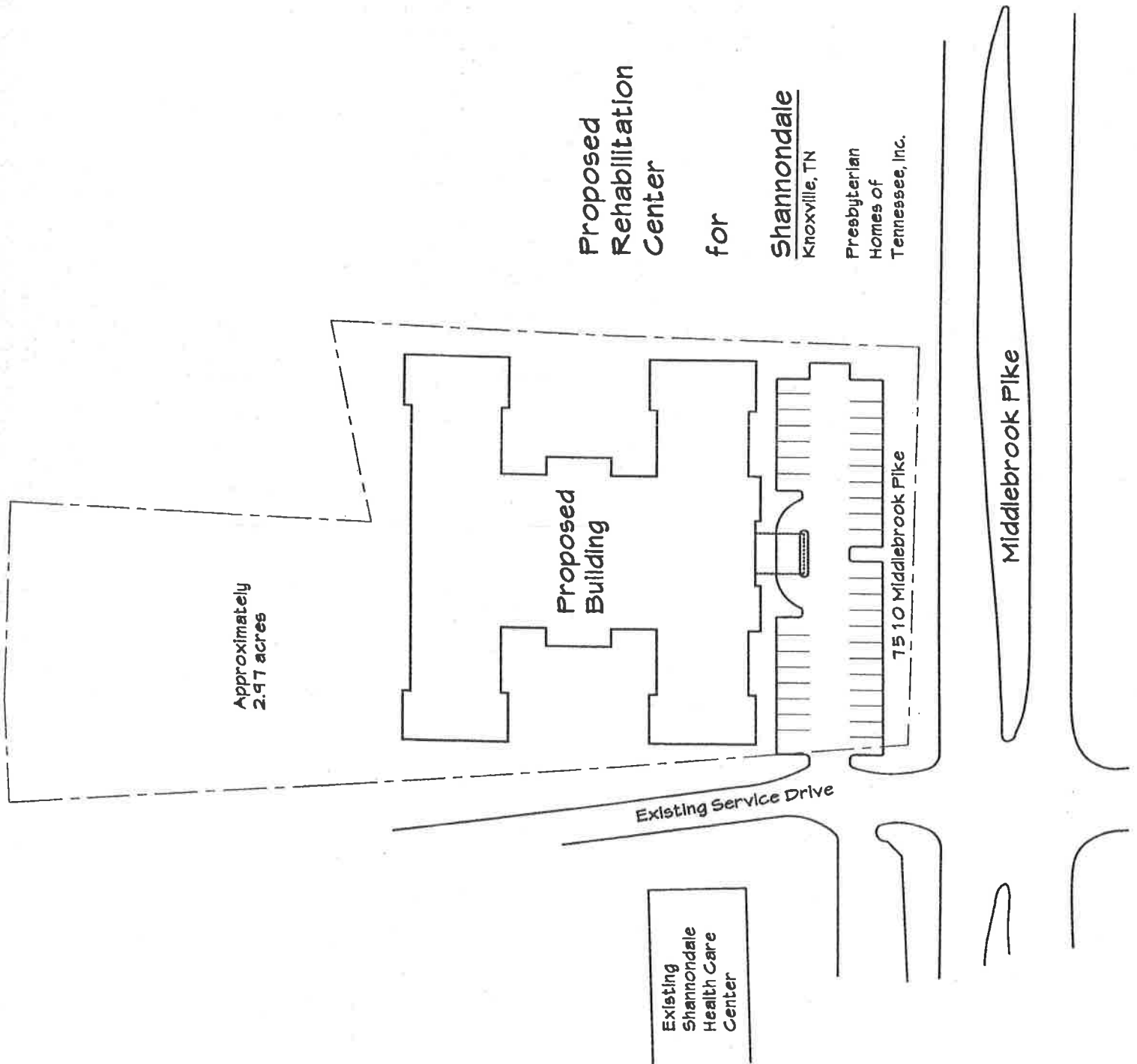
Population Estimates

	City of Knoxville	Knox County	Innovation Valley
2011	182,287	436,104	785,828
Source: Demographics Now			

Age (2011)

Age	State of Tennessee	Innovation Valley	Knox County
0-4	444,498	46,917	27,274
5-14	831,896	94,385	52,845
15-19	426,309	51,359	28,726
20-24	424,880	58,282	38,233
25-34	859,637	97,155	58,093
35-44	881,520	104,409	58,214
45-54	920,277	114,385	62,527
55-64	762,516	99,033	51,250
65-74	483,671	64,854	31,494
75-84	281,584	39,442	19,571
85+	113,591	15,564	8,004
Total	6,430,776	785,828	436,104
Median Age	37.7	39.5	37.4
Source: Demographics Now			

Attachment B, Project Description B – I



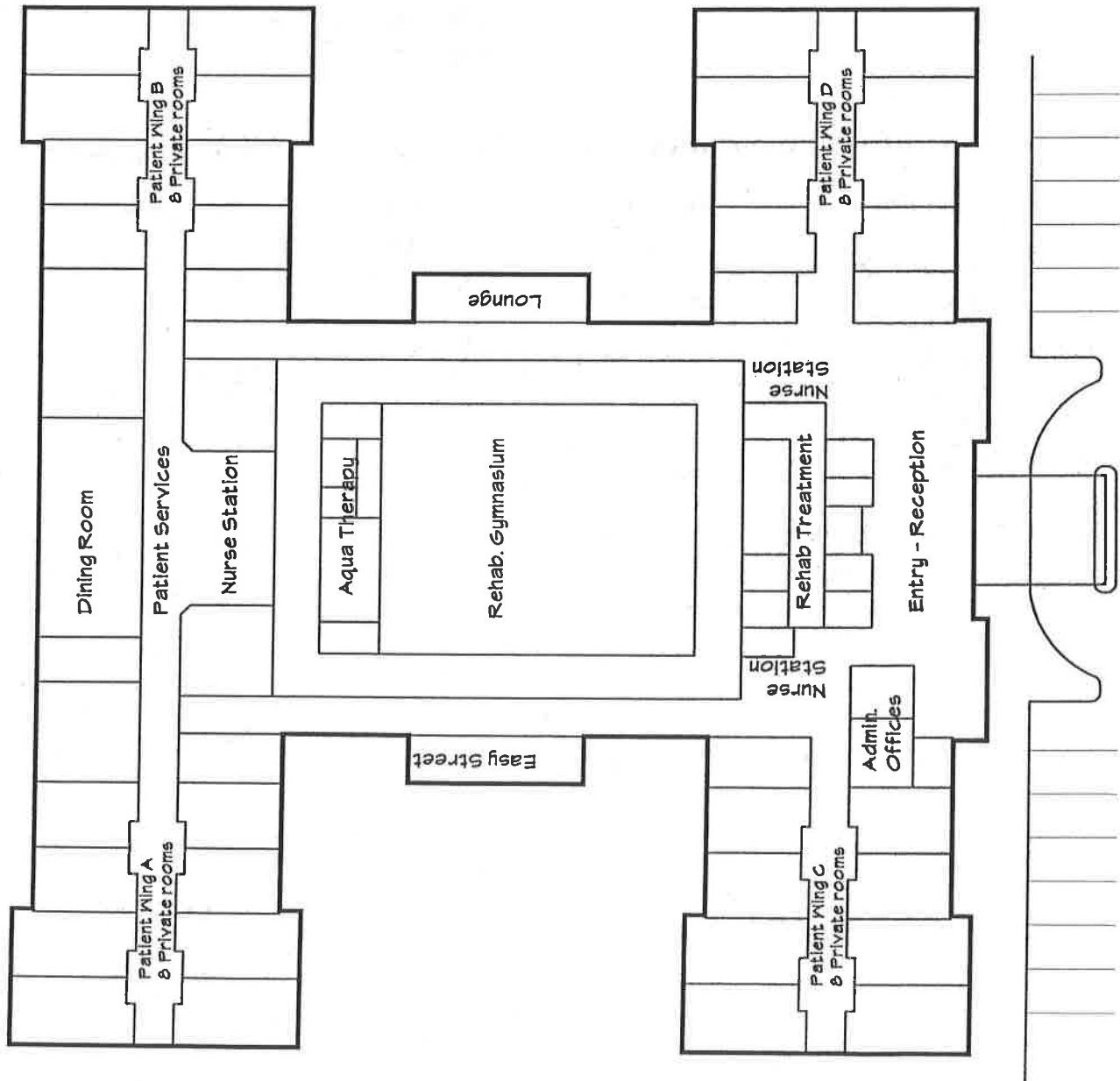
Attachment B, Project Description III – A

Proposed
Skilled Nursing
Facility
for

Shannondale

Knoxville, TN

Presbyterian
Homes of
Tennessee, Inc.



1. **Shannondale Health Care Center is part of a Continuing Care Retirement Community located in Knox County. We offer Independent Living Homes, Retirement Apartments, Assisted Living Studios and Long Term Care Services. According to the Tennessee Population Projections from 2010 – 2020 as published by the Division of Health Statistics in the Tennessee Department of Health Knox County's total population is 436,104. According to TCA 68-11-1622, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:**

$$\begin{aligned} \text{County Bed Need} = & .0005 \times \text{pop. 65 and under, plus} \\ & .0120 \times \text{pop. 65 -74, plus} \\ & .0600 \times \text{pop. 75 – 84, plus} \\ & .1500 \times \text{pop. 85 +} \end{aligned}$$

The 2010 population break down for Knox County by age is as follows:

Age	Population	Bed Need Multiplier	Bed Need by Age
65 and Under	377,035	.0005	188.5175
65 - 74	31,494	.0120	377.9280
75 - 84	19,571	.0600	1174.2600
85 Plus	8004	.1500	1200.6000
Total Knox County Bed Need			2,941 Total Beds Needed

Currently there are 2007 licensed beds in Knox County. Based on the referenced statistical methodology Knox County is in need of additional licensed nursing home beds.

The East Tennessee region has been enjoying steady population growth over the past several decades and much of this growth is driven by in-migration from other parts of the region, state and country. Since 2003, an average of nearly 5,000 people per year have moved into the county and enjoy a low cost of living, stable employment base and high quality of life. The Innovation Valley which includes Knox, Anderson, Blount, Loudon, Monroe and Roane counties is home to nearly 800,000 residents providing access to a large, skilled and motivated labor force.

Population Estimates

	City of Knoxville	Knox County	Innovation Valley
2011	182,287	436,104	785,828
Source: Demographics Now			

Age (2011)

Age	State of Tennessee	Innovation Valley	Knox County
0-4	444,498	46,917	27,274
5-14	831,896	94,385	52,645
15-19	426,309	51,359	28,726
20-24	424,860	58,262	38,233
25-34	859,637	97,155	58,093
35-44	881,520	104,409	58,214
45-54	920,277	114,385	62,527
55-64	762,516	99,033	51,250
65-74	483,671	64,854	31,494
75-84	281,584	39,442	19,571
85+	113,591	15,564	8,004
Total	6,430,776	785,828	436,104
Median Age	37.7	39.5	37.4

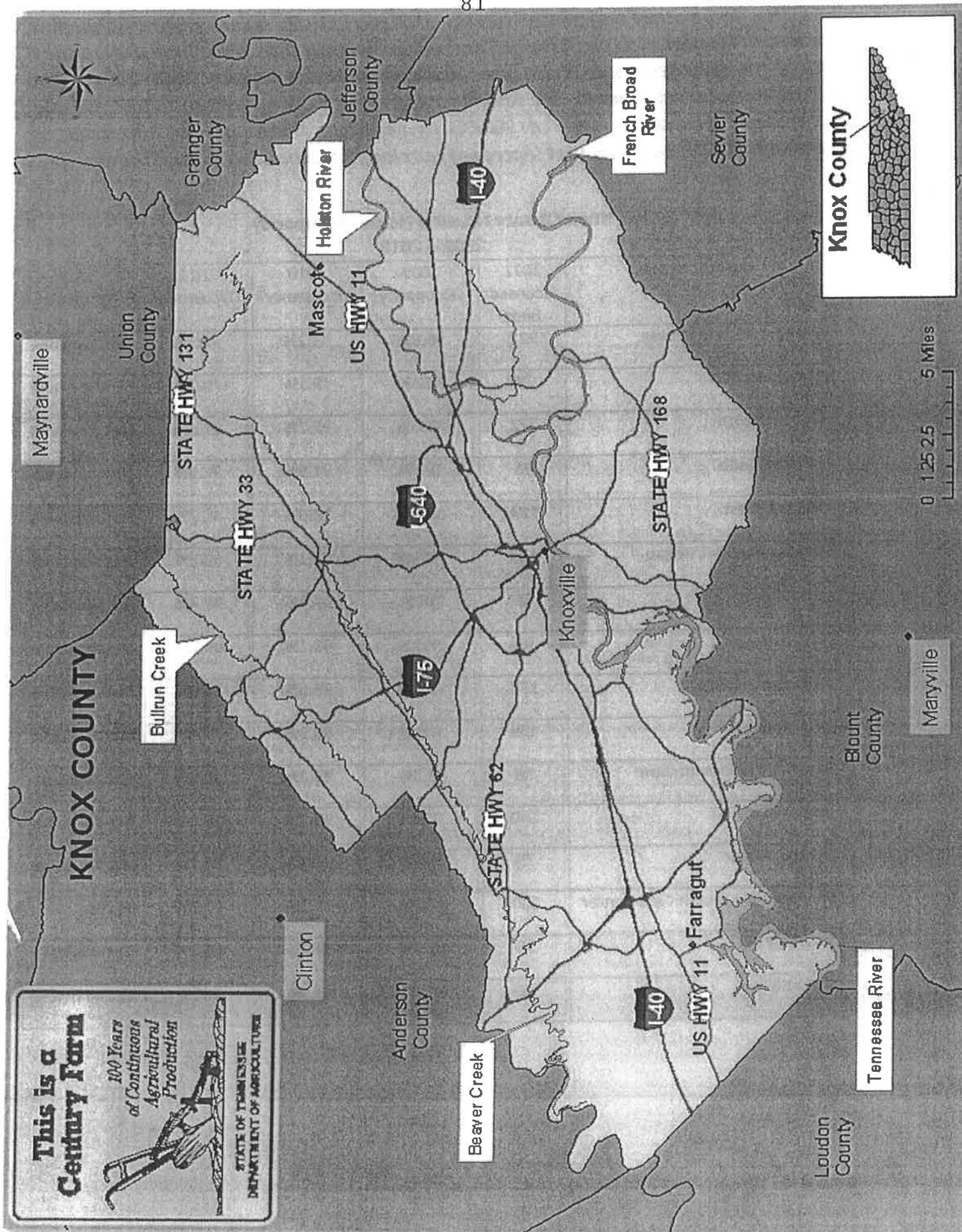
Source: Demographics Now



Tennessee Map

Service Area: Knox County

Shannondale Rehab Facility will be located in the Central Area of Knox County



The information contained herein, is based on the most current published information reported to the State of Tennessee through the Joint Annual Report of each of the licensed long term care facilities in Knox County (2009-2011). The audited financial statements for Shannondale Health Care Center in 2012 reflects an average occupancy level of 96.5%. In addition, there are no approved or outstanding CON's for new (net increase) nursing home beds in Knox County.

**Knox County Nursing Home Occupancy
2009 – 2012**

Nursing Homes	2012 Licensed Beds	2009 Occupancy	2010 Occupancy	2011 Occupancy	2012 Occupancy
Brakebill Nursing Home	222	96.8%	93.2%	92.3%	Not Available
Ft. Sanders TCU	24	83.3%	79.1%	79.1%	Not Available
Hillcrest North	271	85.6%	95.2%	91.1%	Not Available
Hillcrest South	95	95.7%	91.6%	91.6%	Not Available
Hillcrest West	194	69.6%	18.5%	41.7%	Not Available
Holston Health & Rehab	109	77.1%	65.1%	68.8%	Not Available
Little Creek	38	100%	97.4%	97.4%	Not Available
NHC-Farragut	90	97.7%	91.1%	96.7%	Not Available
NHC-Fort Sanders	172	94.2%	93.6%	88.9%	Not Available
NHC-Knoxville	139	87.1%	86.3%	77.7%	Not Available
North Haven Health Care	96	93.8%	93.8%	96.9%	Not Available
Ben Atchley V.A.	140	100%	99.3%	99.3%	Not Available
Serene Manor	79	100%	100%	98.7%	Not Available
Shannondale Health Care Center	200	97.7%	97.1%	97.7%	96.5%
St. Mary's TCU	25	80.1%	68.2%	68.2%	Not Available
Summitview	113	96.5%	95.6%	100%	Not Available

 **COOPER ARCHITECTURE, LLC**

2013 JUL 9 AM 9 09

Shannondale Health Care Center
801 Vanosdale Road
Knoxville TN 37909

Attn: Bill Thomas

June 28, 2013

Re: Proposed Skilled Nursing Facility

Dear Bill:

After a comparison of the preliminary floor plan that we have developed to recent projects we have completed as well as to projects recently featured in several health care publications, I have determined the estimated construction cost of the proposed skilled nursing facility to be:

38,281 sq ft @ \$150.00 = \$5,742,150.00

If you should need any further information please feel free to contact me.



Randy Cooper

Cooper Architecture

7933 Bell Road Knoxville, Tennessee 37938 865-922-0353

Attachment: Section C, Economic Feasibility – Question 1

PRESBYTERIAN HOMES OF TENNESSEE, INC.

July 26, 2013

To Whom It May Concern:

The funds to be used for the Shannondale Health Care Project will be provided through current cash reserves. A copy of the Trust Accounts with current available amounts is attached. The total projected cost of the project is \$6,609,487.90 which includes \$5,417,150 in construction project cost.

There is nothing specified for contingency funds because of reserves held by Presbyterian Homes of Tennessee, Inc. to be used in the event of increased costs. These funds were listed in the application attachment: C, Economic Feasibility – 2-E-b.



Glen McDaniel

Chief Financial Officer

Presbyterian Homes of Tennessee, Inc.

Account List

As of Date: 06/26/2013

Settled

Account	Name	Market Value
1091001891	PRESBY BUCKINGHA	1,072,371.75
1091001908	PRESBY RETIREMEN	3,472,733.26
1091001917	PRESBY HEALTH CT	2,849,979.74
1091001926	PRESBY DEVELOPME	1,163,919.09
1091001944	PRESBY GROUP BEN	536,392.33
1091001953	PRESBY ASSISTED	431,585.06
1091001962	PRESBY MARYVILLE	2,891,278.86
1091001971	PRESBY TAX EXEMP	61,384.24
1091002523	PRESBY ASST UV	122,958.70
1091002532	PRESBY MVL FILTH	189,628.96
1091002989	PRESBY MED IMA	325,367.56
	TOTAL ACCOUNTS	
	TOTAL MASTER	13,117,599.55

Attachment C, Economic Feasibility - Question 6B

Facility	Skilled-Semi-Private	Skilled-Private	Intermediate-Semi-Private	Intermediate-Private	Intermed. Ward
Shannondale	\$199	\$202	\$194	197 - 199	
Brakebill	\$240	xx	\$170	xx	
Hillcrest	xx	xx	\$180	\$195	
Little Creek	xx	xx	\$182	\$190	
NHC Farragut	\$205	\$232	90 beds with 10 long-term care beds.		
NHC - Ft. Sanders	\$236	\$289	\$193	\$202	
NHC - Knoxville	\$218	\$233 - \$243	\$194	\$202	
				\$217 Converted	
North Haven	\$235	XX	\$195	\$199	\$188
St Mary's Holston	\$246	\$263	\$186	\$211	
Summit View Farragut	Accepts whatever skill rate the Insurance Pays		\$165.50	\$215	
Ben Atchley	\$243	\$263	\$208	\$228	

Balance Sheet
as of 5/31/13
Shannondale Healthcare (01)

Page 1 of 1
06/2/13 2:35 PM
GLBalShLandscape

Account	Description	Amount
1000-0000	ASSETS	
1000-0100	CURRENT ASSETS	
1000-0101	CASH	48,474.93
1100-1000	INVESTMENTS	3,358,219.10
1200-0000	NOTES & ACCOUNTS RECEIVABLE	1,516,085.09
1400-0000	INVENTORY	170,851.13
1500-0000	PREPAID EXPENSES	453,523.20
1600-0000	INTERCOMPANY FUNDS	9,673,675.74
	Total CURRENT ASSETS	16,220,829.19
1700-0000	NON-CURRENT ASSETS	
1700-1000	PLANT, PROPERTY, & EQUIPMENT	2,281,396.46
	Total NON-CURRENT ASSETS	2,281,396.46
	Total ASSETS	\$17,602,225.65
2000-0000	LIABILITIES	
2000-0100	CURRENT LIABILITIES	
2500-0000	PAYROLL DEDUCTIONS	33,411.71
2560-0000	ACCOUNTS PAYABLE	139,621.84
2650-0000	ACCRUED LIABILITIES	3,082,220.43
2690-0000	INTERCOMPANY LIABILITIES	1,484,703.89
	Total CURRENT LIABILITIES	4,749,957.87
	Total LIABILITIES	\$4,749,957.87
3000-0000	EQUITY FUND BALANCE	
	Total EQUITY FUND BALANCE	\$12,762,267.78

Statement of Operations
Shannondale Healthcare (01)
1/1/13 to 5/31/13

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
28,738		28,738	927		7000-7000 NET INCOME/(LOSS)	28,738		28,738	190	
28,738		28,738	927		4000-0000 REVENUES	28,738		28,738	190	
5,981,759	4,703,250	1,278,509	208.15		4000-0100 PATIENT SERVICES	5,981,759	4,703,250	1,278,509	190	
240,360	244,731	4,371*	8.36		4000-1000 SERVICE FEES	240,360	244,731	4,371*	8.36	
25,283	12,605	12,678	0.88		4010-0000 MEDICAL SUPPLIES	25,283	12,605	12,678	0.88	
614,605	708,335	93,730*	21.39		4030-0000 RADIOLOGY	614,605	708,335	93,730*	21.39	
54	6,250	6,196*	0.00		4035-0000 PHARMACY	54	6,250	6,196*	0.00	
28,738		28,738	927		4036-0000 INHALATION THERAPY	28,738		28,738	190	
136,510	172,915	36,405*	4.75		4039-0000 REHAB SERVICES	136,510	172,915	36,405*	4.75	
488,844	487,085	441*	16.93		4040-0000 SPEECH THERAPY	488,844	487,085	441*	16.93	
347,082	297,915	49,167	12.08		4050-0000 PHYSICAL THERAPY	347,082	297,915	49,167	12.08	
970,236	957,915	12,321	33.76	0.00	4055-0000 OCCUPATIONAL THERAPY	970,236	957,915	12,321	33.76	0.00
8,778	5,000	3,778	0.31		Total REHAB SERVICES	8,778	5,000	3,778	0.31	
5,167	10,415	5,248*	0.18		4062-0000 DENTAL SERVICES	5,167	10,415	5,248*	0.18	
3,555	1,250	2,305	0.12		4064-0000 AMBULANCE SERVICES	3,555	1,250	2,305	0.12	
13,854	13,315	539	0.48		4065-0000 LAB SERVICES	13,854	13,315	539	0.48	
7,863,651	6,663,066	1,200,585	273.63	0.00	4120-0000 OTHER PATIENT SERVICES	7,863,651	6,663,066	1,200,585	273.63	0.00
(1,166,215)		1,166,215*	(40.58)		Total PATIENT SERVICES	(1,166,215)		1,166,215*	(40.58)	
28,880	30,585	1,705*	1.00		4075-0000 REVENUE REDUCTIONS	28,880	30,585	1,705*	1.00	
6,726,316	6,663,651	32,665	234.06	0.00	4140-0000 OTHER OPERATING REVENUE	6,726,316	6,663,651	32,665	234.06	0.00
					Total REVENUES					
2,080,179	2,180,902	100,723	72.38		5000-0000 EXPENSES	2,080,179	2,180,902	100,723	72.38	
14,140	10,415	3,725*	0.49		5000-1000 NURSING	14,140	10,415	3,725*	0.49	
610,273	651,701	41,428	21.24		5005-1000 RADIOLOGY	610,273	651,701	41,428	21.24	
4,981	10,415	5,434	0.17		5010-1000 PHARMACY	4,981	10,415	5,434	0.17	
3,555	1,250	2,305*	0.12		5012-1000 AMBULANCE	3,555	1,250	2,305*	0.12	
					5015-1000 LAB					
306,227	298,086	8,141*	10.66		5020-0000 REHAB SERVICES	306,227	298,086	8,141*	10.66	
71,263	70,320	943*	2.48		5020-1000 PHYSICAL THERAPY	71,263	70,320	943*	2.48	
131,604	133,668	2,064	4.58		5030-1000 SPEECH THERAPY	131,604	133,668	2,064	4.58	
509,094	502,074	7,020*	17.72	0.00	5040-1000 OCCUPATIONAL THERAPY	509,094	502,074	7,020*	17.72	0.00
8,118	5,000	3,118*	0.28		Total REHAB SERVICES	8,118	5,000	3,118*	0.28	
39,955	41,900	1,945	1.39		5045-1000 DENTAL SERVICES	39,955	41,900	1,945	1.39	
6,191	6,935	744	0.22		5050-1000 ACTIVITIES	6,191	6,935	744	0.22	
					5055-1000 PASTORAL CARE					

* Unfavorable Differences

Statement of Operations
Shannondale Healthcare (01)
1/1/13 to 5/31/13

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPL Budget
545,111	571,488	26,377	18.97		5060-1000 DIETARY SERVICES	545,111	571,488	26,377	18.97	
179,864	179,045	819 *	6.26		5070-1000 MAINTENANCE	179,864	179,045	819 *	6.26	
208,178	198,496	9,682 *	7.24		5075-1000 UTILITIES	208,178	198,496	9,682 *	7.24	
140,934	140,142	792 *	4.90		5080-1000 ENVIRONMENTAL SERVICES	140,934	140,142	792 *	4.90	
61,768	66,340	4,572	2.15		5090-1000 LAUNDRY	61,768	66,340	4,572	2.15	
747,217	738,452	8,765 *	26.00		5100-1000 ADMINISTRATIVE SERVICES	747,217	738,452	8,765 *	26.00	
62,378	4,165	58,213 *	2.17		5150-1000 BAD DEBT EXPENSE	62,378	4,165	58,213 *	2.17	
696,293	601,405	94,888 *	24.23		5200-1000 EMPLOYEE BENEFITS	696,293	601,405	94,888 *	24.23	
252,545	257,909	5,364	8.79		5250-1000 INSURANCE EXPENSE	252,545	257,909	5,364	8.79	
267,835	289,169	21,334	9.32		5300-1000 TAXES	267,835	289,169	21,334	9.32	
134,064	148,658	14,594	4.67		5400-1000 DEPRECIATION	134,064	148,658	14,594	4.67	
6,572,673	6,605,861	33,188	228.71	0.00	Total EXPENSES	6,572,673	6,605,861	33,188	228.71	0.00
153,644	87,790	65,854	0.00	0.00	Total NET INCOME/(LOSS)	153,644	87,790	65,854	0.00	0.00

The following staffing grid outlines the number of staff required to provide services to the 32 bed facility:

Department	Position	FTE's
Nursing	RN	1
	LPN	7
	CNA	16.5
Dietary		1.5
Activities		1.5
Housekeeping		2
Physical Therapy	PT	2
	PTA	2
	Therapy Tech	1
Occupational Therapy	OTR	1
	COTA	1
Speech Pathologist	ST	1
Total		37.5

Copy

Supplemental #1

**Shannondale Rehabilitation
Center**

CN1307-024



Health Services and Development Agency

Frost Building, 3rd Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

July 25, 2013

9:31 am

July 24, 2013

Mr. William Thomas
President and CEO
Presbyterian Homes of Tennessee, Inc.
801 Vanosdale Road
Knoxville, TN 37909

RE: Certificate of Need Application CN1307-024
Shannondale Rehabilitation center

Dear Mr. Thomas:

This will acknowledge our July 9, 2013 receipt of your application for a Certificate of Need for the establishment of a skilled nursing facility consisting of 30 Medicare certified skilled nursing beds to be part of a Continuum of Care Retirement Community.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 noon, Thursday, July 25, 2013. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Section A, Section 3

Please provide documentation Presbyterian Homes of Tennessee, Inc. is an active Tennessee corporation. Please reference the following web-site
<https://tnbear.tn.gov/Ecommerce/FilingSearch.aspx>

See the following Certificate of Existence

2. Section A, Section 6

The applicant has provided 7510 Middlebrooks Pike and 7522 Middlebrook Pike as the address of the proposed facility. Please clarify the reason why there are two addresses for this facility.

The applicant has an option to purchase the property located at 7510 Middlebrook Pike. If this is accurate, please also check the box (6.B) in A.6 for an option to purchase agreement and resubmit a replacement page.

Two addresses are indicated in the property description because Presbyterian Homes of Tennessee, Inc. has recently signed Purchase Agreement (NOT AN OPTION AGREEMENT) (SEE AGREEMENT FOR SALE AND PURCHASE OF REAL ESTATE IN CON APPLICATION) for the property located at 7522 Middlebrook Pike, Knoxville, Tennessee 37809.

Please note that the lot located at 7522 Middlebrook Pike joins the property located at 7510 Middlebrook Pike which has been owned by Presbyterian Homes of Tennessee, Inc. since January 26, 1972 as indicated by the attached Warranty Deed in the CON application.

Therefore, the address for the construction of Shannondale Rehailitation Center has not been assigned by the City of Knoxville.

The statement for purchase of property at 7510 Middlebrook Pike is incorrect as indicated above. Presbyterian Homes of Tennessee, Inc. has owned this property since 1972. Also, as stated above there is not an Option Agreement for the lot located at 7522 Middlebrook Pike. The attached agreement in the CON application is an Agreement for Sale and Purchase of Real Estate and is not an Option Agreement.

3. Section B, Project Description, Item 1

The applicant indicates there are currently 429 residents on campus within the Shannondale Continuing Care Retirement Community (SCCRC). How many residents does the applicant expect to be living in the CCRC projected four years ahead in 2017?

Shannondale of Knoxville, a Continuing Care Retirement Community, projects that the overall campus census will remain about the same for the next four years through 2017. No additional expansion projects are planned for the campus at this time.

Please provide a brief overview of Presbyterian Homes of Tennessee, Inc.

Presbyterian Homes of Tennessee, Inc. consists of two Continuing Care Retirement Communities located in Knoxville and Maryville, Tennessee. The two campuses consist of four levels of service which includes Independent Living Homes, Independent Living Apartments, Assisted Living Centers and Skilled Nursing Facilities.

The applicant states there are thirty-two (32) fully equipped private patient rooms with the number 30 in parenthesis in the narrative. Also, the simple line drawing of the facility indicates there will be 32 private patient rooms. Please clarify.

Presbyterian Homes of Tennessee, Inc. is planning to build a 32 bed facility and requests that the Health Services and Development Agency only approve 30 beds for licensing at this time. Presbyterian Homes of Tennessee, Inc. will request licensure of the additional two beds at a later time.

The ownership structure in the attachment is noted. Shannondale of Maryville appears to have a similar continuum of care as compared to Shannondale of Knoxville except the proposed skilled bed unit and rehabilitation center. Does the applicant plan to also add a rehabilitation center to Shannondale of Maryville?

The structures and services of the Shannondale of Maryville and Shannondale of Knoxville CCRC's are very similar. Presbyterian Homes of Tennessee, Inc. does not have any plans for adding a Rehabilitation Center at Shannondale of Maryville.

Please clarify if adding a Rehabilitation Rehab Center (only dedicated to skilled nursing) in addition to an existing on-site nursing home to a Continuing Care Retirement Center is part of a best practice model.

The decision to add a separate Rehabilitation Center on the CCRC Campus in addition to the existing facility was made by the Administration and Board of Directors of Presbyterian Homes of Tennessee, Inc. as a best practice model for Shannondale of Knoxville. The Rehab Facility addition will enable the delivery of services in private rooms. The construction of the new facility will also enable the existing Shannondale Health Care Center to convert all semi private rooms into private rooms.

Please briefly describe the structures and services that are currently in operation at the Shannondale of Knoxville CCRC.

The Shannondale of Knoxville Continuing Care Retirement Community consists of the following structure and services.

Eighty One (81) Independent Living Homes:

This part of the community provides maintenance free homes and the residents of the homes have the benefit of receiving Continuing Care as needed in the other facilities which includes Shannondale Retirement Center, Shannondale Assisted Living Center or Shannondale Health Care Center. Emergency Nursing Services are provided as needed.

One Hundred Twenty Five (125) Apartments:

This part of the community is a one story facility licensed as a Residential Home for the Aged. Resident services include three (3) meals per day, all maintenance services, housekeeping services, chaplain services, planned activities and emergency nursing services.

Forty Nine (49) Bed Assisted Living Center:

The building is a one story facility which provides all Assisted Living Care services required under the State of Tennessee regulations for Assisted Living Facilities.

Two Hundred (200) Bed Dually Certified Nursing Home:

The facility is a five story building consisting of 152 private rooms and 24 semi-private rooms. Services provided include Nursing, Rehab, Social Services, Activities, Chaplain Services, Pharmacy Services and all required services as outlined in the Regulations for the State of Tennessee Nursing Homes.

The applicant states the service area of the proposed project is Knox County as well as surrounding counties as the need may arise. What percentage does the applicant expect will be non-SCCRC residents during the first and second years of the proposed project?

The projected Non-SCCRC residents during the first and second years of operation of the new project are approximately Fifty percent (50%). This projection is based on the current census of Non-SCCRC residents at Shannondale Health Care Center.

Please clarify if the proposed rehabilitation center will be separately licensed from the existing Shannondale Health Care Center?

The proposed Rehabilitation Center will be licensed separately from the existing Shannondale Health Care Center. However, as stated in the CON Application, when the new 30 bed facility is complete and ready for occupancy, Shannondale Health Care Center will de-license 24 semi-private beds in the existing facility.

The applicant lists three columns of rehabilitation services, equipment, and other services that will be available to the proposed projects' patients? Please provide a replacement page that list which services and equipment are located at the existing facility and which ones will be located at the new facility.

All of the following equipment and services will be provided at the new facility and the equipment and services indicated with an asterisk * are provided in the existing Shannondale Health Care Center.

- **** Nu Step Therapy Exerciser***
- ***Alter G Treadmill***
- **** Omni Exercise Cycles***
- **** Mat Tables***
- **** Parallel Bars***
- **** Occupational Therapy Table***
- **** Pulley System***
- **** Weight System***
- **** Theraband Station***
- ***Easy Street Environment Area***
- ***Suspension System***
- **** Equipment Storage Areas***
- ***Swimex Aquatic Therapy Pool***
- **** Open Gym Space***
- **** Therapy Office Spaces***
- ***Walk Therapy Track***
- ***Biodex Balance SD***
- **** Speech and Voice Treatment Room***
- **** ADL Treatment Room***

Other service areas will include:

- ***Salon with Massage Therapy***
- **** Dining Room***
- **** Activities and Game Rooms***
- **** Administrative and Admissions Offices***
- **** Nurses Stations***
- **** Lounges***
- ***Java and Ice Cream Café***
- ***Outdoor Walk Areas with Flower Gardens and Fountain***

Thirty (30) fully equipped private patient rooms which includes the following amenities:

- ***Electric Beds with scales***
- **** Emergency call station and Communication System between patient and nursing station***
- ***Private baths with handicap accessible showers***
- **** Storage closets***
- **** Flat screen televisions***
- **** Wi Fi access***

If approved, the applicant plans to de-license twenty-four (24) skilled beds at its existing 200 bed facility Shannondale Health Care Center. Please clarify if the patients that may be residing in those beds at that time will be transferred to the new proposed thirty (30) bed skilled nursing facility.

If there are patients who reside in the 24 beds that are to be de-licensed and require Rehab Services they may be transferred to the new facility.

The applicant provided a 2013 patient census of 96.80%. What months in 2013 does this percentage represent?

The average census of 96.80% was reported for the period of June 1, 2012 through May 31, 2013.

Will individuals who reside at SCCRC be given priority status over a private pay non-resident in admissions to the proposed SNF nursing home?

Life Care Residents which reside at Shannondale Continuing Care Retirement Community will be given priority status over private pay non-residents in admissions to the proposed Skilled Nursing Facility.

4. Section B, Project Description, Item II.A

Please recalculate the cost per square foot. The applicant calculated \$150.00 per square foot which equals to construction cost of \$5,742,150. The project cost chart list construction cost in the amount of \$5,417,150. The letter from Cooper Architecture, LLC list construction costs in the amount of \$5,742,150.00. Please clarify.

Please note that the total projected construction cost of \$5,742,150.00 includes the Site Preparation costs of \$325,000.00 which calculates at total square footage cost of \$150.00 per square foot.

5. Section B, Project Description Item III.B.1

Describe the relationship of the site to any highway or road developments in the area.

This project is located on Middlebrook Pike in west Knoxville. No new highway or road developments are underway or planned in the area.

6. Section B, Project Description, Item IV (Floor Plan)

The floor plan is noted. Please indicate the location of the dining room, lounges and nurses stations. Is there a nursing station for each wing? Please describe the rehab treatment area, aqua therapy area and patient services area.

Please see the attached detailed floor plan (NEXT PAGE) which indicates the location of the dining room, lounges and nurse stations. There will be Nursing Stations serving each wing of the building. The detailed plan also details the layout of the Rehab treatment area, aqua therapy and other patient service and care areas.

7. Section C, Need, Item 1. (Service Specific Criteria-Nursing Home)

Please expand your response to this criterion. Please list each nursing home standard and criteria and provide a response underneath.

Public Chapter No. 1112, Senate Bill No. 2463, amended and changed the code sections establishing the bed need formula that the Health Services and Development Agency must follow when granting certificates of need for nursing home beds in Tennessee. Based on this bed need methodology compared to actual beds in Knox County there is a need for an additional 934 beds in Knox County.

(There are actually 2007 licensed beds in Knox County and the referenced formula indicates a need for 2941 beds subsequently yielding a need of 934 beds)

1. **Section C, Need Item 1**

Please discuss how the proposed project will relate to the "5 Principles for Achieving Better Health found in the State Health Plan."

Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan.

1. **Healthy Lives:**

The purpose of the State Health Plan is to improve the health of Tennesseans.

While this principle focuses mainly on the goals and strategies that support health policies and programs at the individual, community, and state level that will help improve the health status of Tennesseans, this project is consistent in that it supports a continuum of care model where individuals can receive intensive skilled rehabilitation services, post operatively, in a more appropriate environment at a lesser cost of care all while living very close to their ultimate residence of discharge. The goal is to return the residents to the least restrictive environment at the most affordable cost.

2. **Access to Care:**

Every citizen should have reasonable access to health care.

Shannondale Rehabilitation Center's new facility model will focus on primarily Medicare qualified beneficiaries who are seeking skilled nursing and Rehabilitation services following a prior hospitalization. The majority of patients admitted to skilled nursing facilities are Medicare beneficiaries. Since Medicare is a federal insurance program covering individuals over the age of 65, as well as disabled individuals under 65, access to long term care Medicare beds is a function of bed availability in the market. In Knox County Medicare beneficiaries often must travel to the other side of the County in order to receive the type of focused rehabilitation services that will be provided in the new facility because the bed availability for this more focused type of rehabilitation services isn't readily available specifically in a private room setting. Also the family members and support individuals for these residents are limited in their ability to visit during treatment due to the distance they must travel and often find it challenging to receive the necessary

training they need to receive once the patient is discharged to the lesser level of care. The approval of this request will certainly speed up the recovery for these Medicare beneficiaries.

3. Economic Efficiencies:

The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system.

The proposed project directly addresses a number of issues referenced in the above statement.

A. This project's approval will allow the consumer a choice in where they can receive services and a more centralized location to receive these services.

B. The discharge from the acute care setting will be shortened due to more availability in the marketplace.

C. The patient's support structure after discharge from the new facility will be better suited to care for the patient and subsequently reduce the possibility of hospital re-admission.

Assuring that the appropriate level of care and health care beds are readily available, in the most appropriate location and when needed; the state's health care system will be able to keep costs lower by ensuring patients utilize these services in the most cost efficient setting.

4. Quality of Care

Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered by health care providers.

Shannondale CCRC campus has been successfully serving the residents of Knox County for over 43 years. We enjoy an outstanding reputation in the community and have the strong support by our local community when we have presented this proposal. Our Health Care Facility, Assisted Living and Retirement Home (RHA) are all licensed by the State of Tennessee. In addition our Health Care Facility is also licensed federally by CMS. Our Retirement Home has had an excellent survey history with only minor Life Safety deficiencies cited in the past, Our Assisted Living most recently had a deficiency free survey and our

Health Care Center's previous surveys have had only minor deficiencies which have all been corrected without a follow-up visit.

5. Health Care Workforce

The state should support the development, recruitment and retention of a sufficient and quality health care workforce.

Shannondale CCRC campus has a long outstanding history with developing, recruiting and retention of a high quality health care workforce. This is most notably indicated by the fact that our President and CEO has been with the organization for 41 years. Our department head leadership team tenure with Shannondale, with the exception of two positions, is no less than 8 years in each position. We currently have three individuals who are receiving tuition assistance to further their education and we have three nurses currently employed who have received tuition assistance from Shannondale. We also are one of only a few providers who are certified to teach the Certified Nursing Assistant course in Knoxville. We just recently finished a class and trained ten new individuals to become CNAs. We host, as a clinical site, three different nursing programs and have acted as a training site for internships for Dietician interns, Health Care Administration interns, PT / OT / SP clinical rotations and many other areas. Through these various actions the Health Care Workforce in the state of Tennessee is greatly enhanced.

9. Section C. Need, 1.a., Specific Criteria, Item 3

Please discuss how the Long-term Care Community Choices Act of 2008 has impacted nursing home utilization rates in Knox County for years 2009, 2010, and 2011. The Long-term Care Community Choices Act of 2008 allows TennCare to pay for more community and home-based services for seniors such as household assistance, home delivered meals, personal hygiene assistance, adult day care centers and respite.

The Long-term Care Community Choices Act of 2008 has allowed many TennCare recipients who could not otherwise have afforded to live in their home, to do just that. There are now over 9,000 slots filled with individuals to receive services in their homes that previous to 2008 would have had to piece meal together their care plan services or would have had to have been admitted to a long term care facility in order to receive those needed services. The passing of this Act was necessary in order to allow these recipients to live in the least restrictive environment and in the most cost effective manner. It's difficult to say exactly how the occupancy levels of each nursing home in Knox County has been affected directly by the passing of this Act but it certainly has pulled a number of individuals out of the total occupancy equation who may have been admitted into a nursing home prior to 2008. The shift to home and community based services was definitely needed as the aging of our population continues to increase with the Baby Boomer generation. In the U.S. there are over 10,000 citizens per day who are turning 65 years of age and this will continue for well over the next 15 years. This population boom has translated and will continue to translate into the need for more capacity in our national and Tennessee's long term care system most notably in the short term rehabilitation setting.

10. Section C, Need Item 4.A

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for your proposed service area.

<i>Variable</i>	<i>Knox County</i>	<i>Tennessee</i>
<i>Current Year (CY), Age 65+ 2010</i>	<i>56,233</i>	<i>829,907</i>
<i>Projected Year (PY), Age 65+ 2013</i>	<i>61,335</i>	<i>904,587</i>
<i>Age 65+, % Change</i>	<i>9.1%</i>	<i>8.9%</i>
<i>Age 65+, % Total (PY)</i>	<i>13.9%</i>	<i>14.0%</i>
<i>CY, Total Population</i>	<i>432,229</i>	<i>6,346,113</i>
<i>PY, Total Population</i>	<i>441,311</i>	<i>6,456,243</i>
<i>Total Pop. % Change</i>	<i>2.1%</i>	<i>1.7%</i>
<i>TennCare Enrollees</i>	<i>62,657</i>	<i>1,192,483</i>
<i>TennCare Enrollees as a % of Total Population</i>	<i>14.5%</i>	<i>18.8%</i>
<i>Median Age</i>	<i>37.1</i>	<i>37.8</i>
<i>Median Household Income</i>	<i>47,277</i>	<i>43,989</i>
<i>Population % Below Poverty Level</i>	<i>9.0%</i>	<i>12.7%</i>

11. Section C, Need, 1.a., Specific Criteria, Item 4.B

The applicant states SCCRC will participate in the Title 18 Medicare Program which will provide assistance to all income levels. What is the "Title 18 Medicare Program and how does it relate to this proposed nursing home project?

Title XVIII of the Social Security Act, designated "Health Insurance for the Aged and Disabled," is commonly known as Medicare. As part of the Social Security Amendments of 1965, the Medicare legislation established a health insurance program for aged persons to complement the retirement, survivors, and disability insurance benefits under Title II of the Social Security Act. The 30 beds referenced in this new project will be certified for participation in the Medicare program.

13. Section C, Need, Item 5

The Knox County Nursing Home Occupancy chart is noted in the attachment. Please complete the following table for all licensed nursing homes located in Knox County:

Revised #13 - A								
Nursing Home	2012 Lic.'d Beds	2009 Patient Days	2010 Patient Days	2011 Patient Days	'09-'11% Change	2009 % Occ.	2010 % Occ.	2011 % Occ.
Brakebill Nursing Home	222	78437	79340	77894	-0.69%	96.80%	97.91%	96.13%
Ft. Sanders TCU	24	7854	7159	6714	-14.51%	89.66%	81.72%	76.64%
Hillcrest North	271	85885	94579	94479	10.01%	86.83%	95.62%	95.52%
Hillcrest South	95	34625	33348	31681	-8.50%	99.86%	96.17%	91.37%
Hillcrest West	194	49223	12225	23874	-51.50%	69.51%	17.26%	33.72%
Holston Health & Rehab	109	38295	28673	27361	-28.55%	96.25%	72.07%	68.77%
Little Creek	38	13688	13651	13651	-0.27%	98.69%	98.42%	98.42%
NHC-Farragut	90	31035	30972	31246	0.68%	94.47%	94.28%	95.12%
NHC-Fort Sanders	172	58744	58195	56652	-3.56%	93.57%	92.70%	90.24%
NHC-Knoxville	139	36423	43042	41548	14.07%	71.79%	84.84%	81.89%
North Haven Health Care	96	32603	28372	30977	-4.99%	93.05%	80.97%	88.40%
Ben Atchley V.A.	140	50110	50502	50381	0.54%	98.06%	98.83%	98.59%
Serene Manor	79	28178	27680	27636	-1.92%	97.72%	95.99%	95.84%
Shannondale Health Care	200	71299	70844	71351	0.07%	97.67%	97.05%	97.74%
St. Mary's TCU	25	7417	7413	6804	-8.26%	81.28%	81.24%	74.56%
Summitview	113	38171	36794	37995	-0.46%	92.55%	89.21%	92.12%
Total	2007	661987	622789	630244	-4.80%	90.37%	85.02%	86.03%

Please complete the following chart for all Knox County service area nursing homes:

Service Area Nursing Home Utilization –Most Recent JAR

Revised #13 B								
Facility	Lic. Beds	SNF Beds-Medicare	SNF Beds-Medicare / Medicaid	Other Lic. Beds	SNF Medicare ADC	SNF Medicaid ADC	NF ADC	Total ADC
Brakebill Nursing Home	222	82	140		25	132	56	213
Ft. Sanders TCU	24	24			17		2	18
Hillcrest North	271		271		31	193	35	259
Hillcrest South	95		95		12	63	12	87
Hillcrest West	194		194		18	36	12	65
Holston Health & Rehab	109		109		45	2	28	75
Little Creek	38			38			37	37
NHC-Farragut	90	90			68		18	86
NHC-Fort Sanders	172		172		32	110	14	155
NHC-Knoxville	139		139		25	59	30	114
North Haven Health Care	96		96		13	67	5	85
Ben Atchley V.A.	140		140		18	49	71	138
Serene Manor	79		79			76	0	76
Shannondale Health Care	200		200		18	121	56	195
St. Mary's TCU	25	25			16	0	2	19
Summitview	113		113		16	33	55	104
Total	2007	221	1748	38	353	941	433	1727

Please complete the chart below breaking out the bed accommodation mix by nursing home facility in the Knox County service area.

Revised #13-C					
Nursing Home	2012 Licensed Beds	Total Private Beds	Total Semi- Private Beds	Total Companion Beds	Ward Beds
Brakebill Nursing Home	222	3	219	0	0
Ft. Sanders TCU	24	24	0	0	0
Hillcrest North	271	34	237	0	0
Hillcrest South	95	3	92	0	0
Hillcrest West	194	5	76	0	0
Holston Health & Rehab	109	19	90	0	0
Little Creek	38	32	6	0	0
NHC-Farragut	90	68	22	0	0
NHC-Fort Sanders	172	6	166	0	0
NHC-Knoxville	139	15	113	0	0
North Haven Health Care	96	4	78	14	0
Ben Atchley V.A.	140	22	59	0	0
Serene Manor	79	8	26	45	0
Shannondale Health Care	200	152	48	0	0
St. Mary's TCU	25	23	2	0	0
Summitview	113	2	113	0	0
Service Area Totals	2007	420	1347	59	0
Proposed Project	30	30			

14. Section C, Need, Item 6

The applicant references attachment C, Need-Question 6a and 6b. The referenced attachments could not be found in the application. It appears the historical and projected data chart were mistakenly labeled as Need-Question 6a and 6b. Please clarify.

The projected utilization of the applicant is noted. However, further clarification is needed. Please break down the projected utilization for the whole facility, including the beds identified in the proposed project utilizing the following chart.

Applicant Facility-Projected Utilization

Year	Licensed Beds	*Medicare -certified beds	SNF Medicare ADC	SNF Medicaid ADC	SNF Other ADC	NF ADC	Total ADC	Licensed Occupancy %
Year 1	30	30	23	0	7	0	30	100%
Year 2	30	30	23	0	7	0	30	100%

* Includes Medicare/Medicaid certified beds

****All beds will be only Medicare certified.***

15. Section C, Economic Feasibility, Item 1

The Architect's letter from the proposed project is noted. Please provide a revised letter from a licensed architect or construction professional that addresses the following:

- 1) a general description of the project,
- 2) his/her estimate of the cost to construct the project to provide a physical environment, according to applicable federal, state and local construction codes, standards, specifications, and requirements and
- 3) attesting that the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the new 2010 AIA Guidelines for Design and Construction of Hospital and Health Care Facilities

See following letter from licensed architect addressing 1, 2 & 3 above.

Please clarify why there is not a contingency fund or cost for equipment in the Project Cost Chart.

We have added \$205,000.00 for the cost of equipment line in the Project Cost Chart. These costs include funds for furnishing the following areas:

- 1. Patient Rooms***
- 2. Common Areas, Lounges and Offices***
- 3. Clinical Equipment***
- 4. Rehabilitation Equipment***

Please see the following Replacement Project Cost Chart

There is nothing specified for contingency funds because of the reserves held by Presbyterian Homes of Tennessee, Inc. to be used in the event of increased costs. These additional funds were listed in the original application attachment: C, Economic Feasibility – 2-E-b.

July 25, 2013

9:31 am

 **COOPER ARCHITECTURE, LLC**

2013 JUL 25 AM 9 25

Shannondale Health Care Center
801 Vanosdale Road
Knoxville TN 37909

Attn: Bill Thomas

July 22, 2013

Re: Proposed Skilled Nursing Facility

Dear Bill:

This project can be summarized as a 38,281 sq ft nursing home specializing in rehabilitation services. Components of the facility include Resident wings, Nursing and support areas, Dining and Activities spaces, Rehabilitation and Therapy gym, Aquatic Therapy pool, Administrative and general support areas and Building Mechanical and Electrical systems.

After a comparison of the preliminary floor plan that we have developed to recent projects we have completed as well as to projects recently featured in several health care publications, I have determined the estimated construction cost including site preparation of the proposed skilled nursing facility to be:

38,281 sq ft @ \$150.00 = \$5,742,150.00

This cost estimate includes requirements for the physical environment to conform to all applicable federal, state and local codes, standards, specifications and requirements. During the design and construction document process we will incorporate all of the requirements of any applicable federal standards, manufacturer's specifications as well as the requirements of the Tennessee Department of Health including the 2010 Facilities Guidelines Institute's Guidelines for Design Construction of Healthcare

7933 Bell Road Knoxville, Tennessee 37938 865-922-0353

July 25, 2013

9:31 am

Facilities.

If you should need any further information please feel free to contact me.

A handwritten signature in black ink that reads "Randy Cooper". The script is cursive and fluid.

Randy Cooper

TN License # 14558

Cooper Architecture

17. Section C, Economic Feasibility, Item 3

Please compare the cost per square foot of construction to similar nursing home projects approved by the Agency. Please refer to the applicant's toolbox located at the Health Services and Development Agency's web-site at:

http://tennessee.gov/hsda/applicants_tools/docs/Construction%20Cost%20Per%20Square%20Foot%20charts-0911.pdf

The cost of construction per square foot for previously approved projects is as follows:

<i>Years 2010 – 2012</i>	<i>Renovated Construction</i>	<i>New Construction</i>	<i>Total Construction</i>
<i>1st Quartile</i>	<i>\$19.30 / sq. ft.</i>	<i>\$164.57 / sq. ft.</i>	<i>\$73.23 / sq. ft.</i>
<i>Median</i>	<i>\$35.76 / sq. ft.</i>	<i>\$167.31 / sq. ft.</i>	<i>\$164.57 / sq. ft.</i>
<i>3rd Quartile</i>	<i>\$55.00 / Sq. Ft.</i>	<i>\$181.72 / sq. ft.</i>	<i>\$167.61 / sq. ft.</i>

The cost of the construction for the proposed project including the site preparation expense is \$150.00 per square foot. Comparing this cost to the above referenced table demonstrates that this project is reasonable based on the previously approved projects. It also demonstrates that quality services and the continuum of care will be expanded in the local service area in a cost effective manner.

18. Section C, Economic Feasibility, Item 4. (Historical and Projected Data Chart)

The applicant has provided one blank historical data chart and one completed historical data chart. Please clarify if the completed historical data chart is for the existing 200 bed Shannondale Health Care Center nursing home owned by the applicant. If not, please provide a historical data chart for the 200 bed nursing home. In addition, please indicate the unit of measure (days) for the historical data chart and resubmit.

A. The blank Historical Data Chart was submitted in the original application in order to indicate that there was no such history for the new proposed project. The Historical Data Sheet that was submitted as an attachment was the financial information from the current operations of the 200 bed Shannondale Health Care Center. Please see the newly submitted Historical Data Chart with the corrected unit of measure (Days)

There also appears to be calculation errors in the Historical Data Chart for Years 2010 and 2012 in the Gross Operating Revenue Totals. If needed, please correct and submit a replacement Historical Data Chart.

B. On the revised Historical Data Chart for the 200 bed facility the calculation errors for the Gross Operating Revenues were corrected and also the 2012 Salaries and Wages line item was corrected.

The applicant has assigned no provisions for Charity Care and Provisions for Bad Debt. Since the applicant will accept patients from the community, please discuss the reason why there are no provisions for charity care and bad debt.

C. There is no provision from Bad Debt calculated in this chart because we do not have any Bad Debt in the currently operating Health Care Center. Since we are a CCRC we do provide charity services for the residents who are a part of our community. The current health center will continue to have 176 dually certified beds that will allow us to continue to provide the charity services as we have in the past.

Please complete revised Historical and Projected Data Charts that have fields for management fees. The revised charts are included with these supplemental questions.

D. We do not assign any management fees to the any of our facilities. The administrative position expenses (wages) are already calculated in the overall salary expense lines.

In the Projected Data Chart please clarify why there are contractual adjustments in the amount of \$834,000 and \$859,000.

E. In the Projected Data Chart the contractual adjustments are listed in order to reduce the charged amounts to the actual reimbursed levels of payment.

There is \$5,000 allocated in the Projected Data Chart for physician services in Year One and Year Two of the proposed project. This amount equals to approximately \$417.00 per month. Please clarify if physician services are included in the per diem rate.

F. The physician Program Director's fee is the expense associated with this figure. The Program Director will be a contracted service. The physician will bill for their own respective charges for services rendered and subsequently would not be included in any of our per diem rates.

20. Section C, Economic Feasibility, Item 9

Please clarify if the medically indigent will be served by the proposed 30 bed skilled nursing home facility.

As referenced in the original application the 30 beds involved in this new project will only be certified for participation in the Medicare program.

21. Section C, Economic Feasibility, Item 9

The Financial documents for Shannondale Healthcare are noted. Please indicate if the provided documents are audited. If not, please provide a copy of the most recently audited financial statements with accompanying notes, if applicable.

The financial statements that were submitted with the application are the audited financial statements.

22. Section C, Orderly Development, Item 10

Please clarify if hospice or home health services will be delivered in the proposed thirty (30) bed skilled nursing home.

Neither hospice nor home health services will be provided in the new proposed project.

23. Section C, Orderly Development, Item 2

Please clarify the statement "there is a small duplication of services but it will allow our residents to obtain the necessary services in a much more convenient setting". What is meant by the small duplication of services and how is it more convenient?

A small number of some of the services provided in the new facility may from time to time be provided in the currently licensed skilled facility on our campus but only on a rare occasion. The convenience reference is a convenience for the residents on our campus and being in close proximity of family members or care givers who will be responsible for the resident when they go back to a lesser restrictive level of care. The ability to receive services in familiar surroundings would always help expedite the recovery process.

24. Section C, Orderly Development, Item 3

Please clarify the reason why this proposed thirty (30) bed skilled nursing facility will be staffed by only one registered nurse.

A. The staffing patterns referenced in the original application indicate that there will be one RN and 2 LPNs on the day shift, 2 LPNs on the second shift and 1 LPN on the night shift. There is also an RN House Supervisor that will be available 24 hours a day in the current health care center. The intense rehabilitation services offered in the new proposed facility will greatly enhance the overall supervision of the resident's care.

Please clarify if there will be a Director of Nursing or Medical Director employed for the proposed project. If so, where are the expenses for these positions in the Projected Data chart?

B. We will designate the current facility's Director of Nursing Services to be the Director of Nursing to oversee the operations of the new facility. The physician Program Director will be on contract with the new facility.

Please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor and Workforce Development and/or other documented sources.

C. Please find listed below a comparison table for the wages of the clinical staff included in this proposal. We have compared our average starting wages to the 2012 Salary and Benefits Survey results conducted by the Tennessee Health Care Association (THCA) a trade organization that represents over 300 nursing homes in the state of Tennessee.

Position	Shannondale Average Starting Hourly Wage	2012 THCA Salary & Benefits Survey Average Starting Hourly Wage
RN	\$20.50	\$21.06
LPN	\$15.50	\$14.89
CNA	\$10.00	\$8.82
Physical Therapist	\$39.50	\$42.71
Physical Therapy Assistant	\$26.00	\$23.14
Occupational Therapist	\$39.50	\$41.86
Occupational Therapy Assistant	\$26.00	\$24.66
Speech Pathologist	\$39.50	\$40.34

We also routinely conduct local market wage surveys to ensure that we are competitive in our wage program.

25. Section C, Orderly Development, Item 4

The applicant states the available staff for the proposed project is currently in place through the on-going operation of the present facility. Please clarify if there will be additional staff hired for the proposed project. If current staff will be used from the existing 200 bed nursing home facility, how will that impact future staffing for Shannondale Health Care Center?

Upon licensure of the new facility we will be delicensing 24 beds from the current facility. So some of the current staff will be absorbed into the new facility but we will need to hire some additional nursing staff and therapy staff. The staffing for the current Health Care Facility will only be reduced enough to compensate for the reduction in licensed beds. At all times the staffing levels at both locations will exceed minimum required staffing levels.

26. Section C, Orderly Development, Item 7

Please provide a copy of the applicant's most recent licensure survey for Shannondale Health Care Center, including any deficiencies cited, and a copy of the approved plan of correction, if applicable.

Please see the following "Most Recent Survey with an Accepted Plan of Correction".

July 25, 2013

9:31 am



STATE OF TENNESSEE
DEPARTMENT OF HEALTH
OFFICE OF HEALTH LICENSURE AND REGULATION
EAST TENNESSEE REGION
5904 LYONS VIEW PIKE, BLDG. 1
KNOXVILLE, TENNESSEE 37919

March 2, 2012

Mr. Todd Taylor, Administrator
Shannondale Health Care Center
7424 Middlebrook Pike
Knoxville TN 37909

Re: 44-5105

Dear Mr. Taylor:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety recertification survey/complaint investigation on January 29 – 31, 2012. An on-site revisit and review of your plan of correction for the deficiencies cited as a result of the survey/investigation was conducted on March 1, 2012. Based on the on-site revisit, we are accepting your plan of correction and your facility is in compliance with all participation requirements as of February 29, 2012.

If you have any questions concerning this letter, please contact our office at (865) 588-5656.

Sincerely,

Karen B. Kirby, R.N.
Regional Administrator
ETRO Health Care Facilities

KK:af

TN00028157, TN00028925

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

127

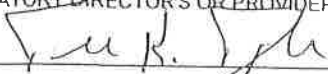
Annual SUPPLEMENTAL # 1

PRINTED: 02/09/2012
FORM APPROVED
OMB NO. 0938-0013
July 25, 2013
9:31 am

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER SHANNONDALE HEALTH CARE CENTER	STREET ADDRESS, CITY, STATE, ZIP CODE 7424 MIDDLEBROOK PIKE KNOXVILLE, TN 37909
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 000	INITIAL COMMENTS	F 000		
F 157 SS=D	<p>An annual Recertification survey and Complaint Investigation #28157, #28925, were completed on January 29 - 31, 2012. Deficiencies were cited related to the Complaint Investigation #28157 and #28925 under 42 CFR Part 483, Requirements for Long Term Care Facilities.</p> <p>483.10(b)(11) NOTIFY OF CHANGES (INJURY/DECLINE/ROOM, ETC)</p> <p>A facility must immediately inform the resident; consult with the resident's physician; and if known, notify the resident's legal representative or an interested family member when there is an accident involving the resident which results in injury and has the potential for requiring physician intervention; a significant change in the resident's physical, mental, or psychosocial status (i.e.; a deterioration in health, mental, or psychosocial status in either life threatening conditions or clinical complications); a need to alter treatment significantly (i.e., a need to discontinue an existing form of treatment due to adverse consequences, or to commence a new form of treatment); or a decision to transfer or discharge the resident from the facility as specified in §483.12(a).</p> <p>The facility must also promptly notify the resident and, if known, the resident's legal representative or interested family member when there is a change in room or roommate assignment as specified in §483.15(e)(2); or a change in resident rights under Federal or State law or regulations as specified in paragraph (b)(1) of this section.</p> <p>The facility must record and periodically update</p>	<p>F 000</p> <p>Shannondale of Knoxville Health Care Center files this plan of correction solely to satisfy State and Federal mandates. The facility does not admit that any deficiencies existed prior to, at the time of, or after the survey. The facility reserves all rights to contest the survey findings through informal dispute resolution, formal appeal and any other applicable legal or administrative proceedings. This plan of correction should not be taken as establishing any standard of care and the facility submits that the actions taken by it in response to the survey findings far exceed the standard of care. The facility offers its responses, credible allegations of compliance, and plan of correction as part of its ongoing efforts to provide quality care to residents.</p> <p>F157</p> <p>It is the policy of this facility that changes in resident condition will be communicated to the physician, resident and responsible party/agent, appropriate nursing measures and physician orders implemented and documentation requirements completed.</p> <p>Resident #29 was transported to the hospital, 12-18-2010, and returned that evening with a leg immobilizer in place. Pain medication was administered as needed.</p>		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE	TITLE	(X6) DATE
 Todd R. Taylor	V.P. & Administrator	02-13-12

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that the safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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SUPPLEMENTAL # 1

FORM APPROVED
OMB NO. 0938-0851
July 25, 2013
9:31 am

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE
KNOXVILLE, TN 37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 157	<p>Continued From page 1</p> <p>the address and phone number of the resident's legal representative or interested family member.</p> <p>This REQUIREMENT is not met as evidenced by:</p> <p>Based on medical record review and interview the facility failed to notify the family and physician timely of an injury during a transfer for one resident (#29) of thirty-one residents reviewed.</p> <p>The findings included:</p> <p>Resident #29 was admitted to the facility on May 4, 2007, with diagnoses including Vascular Dementia, Depressive Disorder, and Sleep Apnea.</p> <p>Medical record review of a Physician's Order Sheet dated December 18, 2010, revealed "...Res (resident) c/o (complaint of) pn (pain) and swelling L (left) knee. Daughter request x-ray...obtained..."</p> <p>Medical record review of a Radiology Report dated December 18, 2010, revealed "...left knee shows diffuse severe osteopenia...there is a displaced fracture involving the metaphyseal level of the left distal femur..."</p> <p>Interview by telephone on January 30, 2012, at 2:28 p.m., with Certified Nursing Aid (CNA) #2, who provided the resident care on December 17, 2010, prior to the resident's complaint of pain, revealed the CNA was transferring the resident to bed with (name) lift when the resident's knee hit the bed.</p>	F 157	<p>F157 Continued</p> <p>All residents have the potential to be affected by the cited deficiency. Under the direction of the Director of Nursing, all nursing supervisors will receive in-service training on the change of condition protocol.</p> <p>To further ensure compliance, documentation of notification in the supervisor's report will be reviewed for 100% compliance by the D.O.N. or designee. The results will be followed up or reviewed as needed.</p> <p>The results of the review will also be discussed in the monthly CQI meetings which consist of, the medical director, administration, COI director, director and assistant director of nursing, social services director, pharmacy director, environmental services director, dietary director and activity director.</p> <p>The in-service training will be completed by 02/29/12 and the process change will change immediately and remain on-going.</p>	02/29/12

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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SUPPLEMENTAL #1

FORM APPROVED
July 25, 2013
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

SHANNONDALE HEALTH CARE CENTER

7424 MIDDLEBROOK PIKE
KNOXVILLE, TN 37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 157	Continued From page 2 Interview on January 30, 2012, at 2:37 p.m., in the facility activity room, with Licensed Practical Nurse (LPN) #7, the LPN who investigated the potential cause of the fracture on December 20, 2010, revealed CNA #2 had reported to the LPN during the investigation "...may have hit the resident's knee on the bed during a transfer...didn't tell anyone at that time..." Interview with the Assistant Director of Nursing (ADON) on January 30, 2012, at 2:00 p.m., in the facility risk management office, revealed the resident's fracture was investigated as an injury of unknown origin. Continued interview revealed the potential cause was not determined until December 20, 2010. Interview with the resident's Physician on January 31, 2012, at 8:05 a.m., confirmed the x-ray report dated December 18, 2010, showed severe osteopenia and the fracture could have occurred during the transfer. Interview with the Director of Nursing (DON) on January 31, 2012, at 7:55 a.m., in the Director's office, confirmed the physician was not notified until December 18, 2010, of a change after the resident started complaining of pain and a order for the x-ray was obtained.	F 157		
F 279 SS=D	C/O # 28157 483.20(d), 483.20(k)(1) DEVELOP COMPREHENSIVE CARE PLANS A facility must use the results of the assessment to develop, review and revise the resident's comprehensive plan of care.	F 279	F279 It is the policy of this facility to use the results of the resident assessment to develop, review and revise the resident's comprehensive plan of care.	

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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SUPPLEMENTAL # 1

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JULY 25, 2013
9:31 am

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE

KNOXVILLE, TN 37909

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F 279	<p>Continued From page 3</p> <p>The facility must develop a comprehensive care plan for each resident that includes measurable objectives and timetables to meet a resident's medical, nursing, and mental and psychosocial needs that are identified in the comprehensive assessment.</p> <p>The care plan must describe the services that are to be furnished to attain or maintain the resident's highest practicable physical, mental, and psychosocial well-being as required under §483.25; and any services that would otherwise be required under §483.25 but are not provided due to the resident's exercise of rights under §483.10, including the right to refuse treatment under §483.10(b)(4).</p> <p>This REQUIREMENT is not met as evidenced by: Based on medical record review and interview the facility failed to develop a comprehensive care plan to address history of chest pain, stroke, and pacemaker for one resident (#10) of thirty-one residents reviewed.</p> <p>The findings included:</p> <p>Resident #10-was admitted to the facility on January 19, 2012, with diagnoses including Aftercare Traumatic Hip Fracture, Osteoporosis, Anemia, and Pacemaker.</p> <p>Medical record review of a Progress Note from a discharging facility dated November 16, 2011, revealed "...Chief complaint...Chest pain...Location...at pacemaker...will follow protocol for angina..."</p>	F 279	<p>F279 Continued</p> <p>For resident #10 the care plan was reviewed and updated with a problem, approaches, and goal regarding the pacemaker, history of chest pain, and stroke on January 30th.</p> <p>All residents with a pacemaker, history of chest pain and stroke have the potential to be affected by this practice. A review of all residents with these diagnoses will be completed by the MDS nurses to ensure care plan problems, approaches and interventions have been added to the care plan. This will be completed by 02/29/12.</p> <p>To prevent reoccurrence of this deficient practice the care plans of residents who are admitted with or residents who reside in the facility that develop chest pain, have a new pacemaker placement or stroke will be reviewed by the MDS coordinator, MDS nurse and/or designated RN. The audits will be completed on a monthly basis to ensure 100% compliance. Audits will be reported to and followed through by the CQI Director.</p> <p>The results of these audits will be reported monthly in the CQI meetings, which consist of the medical director, administrator, director and assistant director of nursing, CQI director, social services director, pharmacy director, environmental services director, dietary representative, and activity director.</p>	02/29/12

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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SUPPLEMENTAL #1

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OMB NO. 0938-0391
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9:31 am

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED 01/31/2012
NAME OF PROVIDER OR SUPPLIER SHANNONDALE HEALTH CARE CENTER			STREET ADDRESS, CITY, STATE, ZIP CODE 7424 MIDDLEBROOK PIKE KNOXVILLE, TN 37909		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 279	Continued From page 4	F 279			
F 280 SS=D	<p>Interview and medical record review with the Director of Nursing, in the Director's Office on January 29, 2012, at 2:29 p.m., confirmed the care plan did not address the history of chest pain, stroke, and pacemaker.</p> <p>483.20(d)(3), 483.10(k)(2) RIGHT TO PARTICIPATE PLANNING CARE-REVISE CP</p> <p>The resident has the right, unless adjudged incompetent or otherwise found to be incapacitated under the laws of the State, to participate in planning care and treatment or changes in care and treatment.</p> <p>A comprehensive care plan must be developed within 7 days after the completion of the comprehensive assessment; prepared by an interdisciplinary team, that includes the attending physician, a registered nurse with responsibility for the resident, and other appropriate staff in disciplines as determined by the resident's needs, and, to the extent practicable, the participation of the resident, the resident's family or the resident's legal representative; and periodically reviewed and revised by a team of qualified persons after each assessment.</p> <p>This REQUIREMENT is not met as evidenced by: Based on medical record review and interview, the facility failed to update a care plan related to falls risk, for one resident (#27) of thirty-one residents reviewed.</p>	F 280	<p>F280</p> <p>It is the policy of this facility that a comprehensive care plan will be developed within 7 days after the completion of the comprehensive assessment prepared by an interdisciplinary team and to the extent practicable, the participation of the resident, the resident's family and/or legal representative; and periodically reviewed and revised by a team of qualified persons after each assessment.</p> <p>For resident #27 care plan was revised on January 30, 2012 to remove the PSA that had been discontinued.</p> <p>All residents having falls have the potential to be effected by this deficient practice. A review of resident care plans of residents who have had a fall in the past three months will be completed by the MDS nurse to ensure interventions recommended and discontinued are reflected on the care plan. These reviews will be completed by 02/29/12.</p> <p>A nurse from the MDS staff will attend the weekly Fall Team Meetings consisting of nursing administration, rehab, CQI director, and direct care staff as needed and will revise the resident's care plan as needed. The MDS Coordinator will oversee this process.</p>	02/29/12	

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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SUPPLEMENTAL # 1

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OMB NO. 0938-0391
JULY 25, 2013
9:31 am

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE

KNOXVILLE, TN 37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 280	Continued From page 5 The findings included: Resident #27 was admitted to the facility on September 13, 2007, and readmitted to the facility on March 24, 2009, with diagnoses including Hypotension, Syncope, Dementia, Depression, Hyperlipidemia, Esophageal Reflux and Dysphagia. Medical record review of a Physician's Order Sheet and Progress Note dated January 24, 2012, revealed "...d/c (discontinue) PSA (patient safety alarm)..." Medical record review of an Interdisciplinary Care Plan dated September 11, 2011, revealed "...PSA to bed..." Interview with the facility Risk Manager, on January 30, 2012, at 3:55 p.m., in the Activities Conference Room, confirmed the physician's order to discontinue the PSA and the resident's care plan was not updated to reflect the physician's order.	F 280	F280 Continued The MDS coordinator, MDS nurse and/or designated RN will audit 10% per month of the care plans for 100% compliance for appropriate interventions. Once achieved, 10% of all care plans will be monitored quarterly for 100% compliance. Audits will be turned into the CQI director. The results of these audits will be reported in the monthly CQI meetings, which consist of the medical director, administration, CQI director, director and assistant director of nursing, social services director, pharmacy director, environmental services director, dietary representative, and activity director.	
F 323 SS=D	C/O #28925 483.25(h) FREE OF ACCIDENT HAZARDS/SUPERVISION/DEVICES The facility must ensure that the resident environment remains as free of accident hazards as is possible; and each resident receives adequate supervision and assistance devices to prevent accidents.	F 323	F-323 It is the policy of this facility that the resident environment remains as free of accident hazards as is possible and each resident receives adequate supervision and assistive devices to prevent accidents. For resident #29 the medical record cannot be amended to accurately reflect the proper fall risk score. Resident #29 was discharged on 01/07/2011.	

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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SUPPLEMENTAL # 1

FORM APPROVED
OMB NO. 0938-0001
July 25, 2013

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE
KNOXVILLE, TN 37909

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F 323	<p>Continued From page 6</p> <p>This REQUIREMENT is not met as evidenced by: Based on medical record review, facility policy review, and interview the facility failed to complete quarterly reviews of fall assessments to accurately reflect the fall risk of one resident (#29) of thirty-one residents reviewed.</p> <p>The findings included:</p> <p>Resident #29 was admitted to the facility on May 4, 2007, with diagnoses including Vascular Dementia, Depressive Disorder, and Sleep Apnea.</p> <p>Medical record review of the facility Fall Risk Assessment dated April 29, 2009, through January 25, 2010, revealed a review date of July 27, 2009, and "...during the last 90 days the resident has had no falls..." Continued medical record review of a Fall Risk Assessment dated October 26, 2009, revealed "...during the last 90 days the resident has had no falls..." Further medical record review of a Fall Risk Assessment dated January 25, 2010, revealed "...during the last 90 days the resident has had no falls..."</p> <p>Facility policy review of the Fall Management Policy and Procedure revealed, "...Fall risk assessments are to be completed with the MDS (Minimum Data Set) quarterly..."</p> <p>Interview and review of the facility fall investigations with the facility Risk Manager, on January 30, 2012, at 10:15 a.m., revealed the resident had falls on June 21, 2009, July 11, 2010, July 18, 2010, August 3, 2010, September 25, 2010, and November 16, 2010. Continued</p>	F 323	<p>F323 Continued</p> <p>All residents have the potential to be effected by this practice. The CQI director and nursing administration will audit 10% per month of the completed fall risk assessments during that month for 3 month's to ensure 100% compliance for accuracy. Once 100% compliance has been achieved 10% of all completed fall risk assessments will be audited quarterly for 100% compliance. These audits will be monitored by and reported to the CQI director. This process will start by 02/29/12.</p> <p>The results of these audits will be reported monthly in the CQI meetings, which consist of the medical director, administrator, director and assistant director of nursing, CQI director, social services director, pharmacy director, environmental services director, dietary representative, and activity director.</p>	02/29/12.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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SUPPLEMENTAL # 1

FORM APPROVED
OMB NO. 0938-0851

July 25, 2013
9:31 am

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE
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F 323	Continued From page 7 interview and medical record review of the facility Fall Risk Assessments, confirmed the facility failed to complete the Fall Risk Assessment to accurately reflect the resident's fall risk. Interview and policy review with the Director of Nursing (DON) in the facility activity room on January 30, 2012, at 8:08 a.m., confirmed the facility Fall Management Policy was not followed.	F 323		
F 371 SS=F	C/O # 28157 483.35(i) FOOD PROCURE, STORE/PREPARE/SERVE - SANITARY The facility must - (1) Procure food from sources approved or considered satisfactory by Federal, State or local authorities; and (2) Store, prepare, distribute and serve food under sanitary conditions This REQUIREMENT is not met as evidenced by: Based on observation, review of facility policy, and interview, the facility failed to ensure cleanliness of the can opener, proper storage of canned goods, food was not available beyond the expiration date, and cleanliness of the fans in the walk-in cooler in the Dietary Department; failed to ensure food was labeled in the refrigerator for one of three Nourishment rooms observed; failed to ensure the ice machine was clean for one of three Nourishment rooms observed; and failed to ensure the ice cooler was clean for one of three	F 371	F 371 It is the policy of this facility to store, prepare, distribute, and serve food under sanitary conditions. The can opener that had dried food build-up on the base and around the operating mechanism was cleaned and the crank portion of the can opener ran through the dishwasher to be sanitized on January 30, 2012. The dented cans in the dry storage area were removed on January 29, 2012. The ham salad in the cooler and the beef liver layer pack in the freezer that were out of date were removed and discarded on January 29, 2012. The two fans in the walk-in cooler were cleaned on January 30, 2012.	

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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SUPPLEMENTAL #1

FORM NO. 02022012
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July 25, 2013
OMB NO. 0938-0491

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE

KNOXVILLE, TN 37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 371	<p>Continued From page 8</p> <p>ice coolers observed.</p> <p>The findings included:</p> <p>Observation of the Dietary Department on January 29, 2012, from 9:45 a.m., until 10:45 a.m., revealed the following:</p> <ol style="list-style-type: none"> 1. The can opener had dried food build-up on the base of the can opener and around the operating mechanism. 2. In the dry storage, stacked with the stocked canned food items were the following cans of food, with dents present in the cans: (1) 4 pounds (lbs) can chunk light tuna, (1) 6 lbs 9 ounces (oz) can pineapple tidbits, (1) 112 oz can oven baked apples, (2) 6 lbs 6 oz cans French style beans, (1) 108 oz can applesauce, and (1) 104 oz can peeled apples. 3. In the salad cooler was a pan of ham salad with a date of December 23, 2011. 4. In the walk-in freezer, one box of 4 oz beef liver layer pack with a date of October 29, 2010. 5. In the walk-in cooler, two of two fans had dust, lint, and debris on the fans. <p>Review of the facility's policy Food Storage dated 2008, revealed, "...Leftover food is used within 3 days or discarded..."</p> <p>Interviews with the Morning Supervisor and the Dietary Manager on January 29, 2012, between 9:45 a.m., and 10:45 a.m., in the Dietary</p>	F 371	<p>F371 Continued</p> <p>Food items in the fourth floor nourishment room that were not dated and labeled correctly, along with the open individual carton of milk were discarded on January 29, 2012.</p> <p>The ice machine on the fourth floor was cleaned and sanitized per the manufacturer instructions on January 29, 2012.</p> <p>The cooler on the second floor that was found to have debris on the ice, the ice was discarded and the cooler cleaned per policy on January 30, 2012.</p> <p>All residents have the potential to be affected by this practice. The dietary staff will be re-inserviced by the Dietary Director on proper sanitation of equipment, the food storage policy and procedure, appropriate time frames concerning storage of food in the cooler and freezer, and the required cleaning schedule for the cooler fans. The nursing staff will be re-inserviced by the Inservice Director on proper cleaning and sanitation of the ice machines and the cooler on each of the units</p> <p>The can opener will be cleaned and sanitized each day by the evening cook and monitored by the A.M. and P.M. supervisor.</p> <p>The kitchen stock person will remove all dented cans as they arrive in deliveries and place them in the designated cart in the storage room until they are picked</p>	

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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July 25, 2013

STATEMENT OF DEFICIENCIES
AND PLAN OF CORRECTION

(X1) PROVIDER/SUPPLIER/CLIA
IDENTIFICATION NUMBER:

445105

(X2) MULTIPLE CONSTRUCTION

A. BUILDING _____

B. WING _____

(X3) DATE SURVEY
COMPLETED

01/31/2012

NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE
KNOXVILLE, TN 37909

(X4) ID
PREFIX
TAG

SUMMARY STATEMENT OF DEFICIENCIES
(EACH DEFICIENCY MUST BE PRECEDED BY FULL
REGULATORY OR LSC IDENTIFYING INFORMATION)

ID
PREFIX
TAG

PROVIDER'S PLAN OF CORRECTION
(EACH CORRECTIVE ACTION SHOULD BE
CROSS-REFERENCED TO THE APPROPRIATE
DEFICIENCY)

(X5)
COMPLETION
DATE

F 371

Continued From page 9

Department, confirmed the can opener and fans in the walk-in cooler were in need of cleaning, dented cans were to be stored separately from food stock and returned to the distributor, and the ham salad and beef liver pack was available for use beyond the expiration date.

Observation of the Nourishment Room on the fourth floor on January 29, 2012, at 4:00 p.m., revealed the refrigerator contained one covered bowl of carrots, one covered bowl of peas, and one wrapped turkey sandwich, all with one resident's name or room number, but no date of preparation or expiration. Further observation of the refrigerator revealed a small individual carton of chocolate milk, opened, with no name and no date when opened. Continued observation of the Nourishment Room, revealed in the ice machine, dust and debris were covering the metal strip under the lid.

Review of the facility's policy Food Storage dated 2008, revealed, "...Leftover food is stored in covered containers or wrapped carefully and securely. Each item is clearly labeled and dated before refrigerated. Leftover food is used within 3 days or discarded...Refrigeration...All foods should be covered, labeled and dated..."

Review of the Ice Machine Cleaning Schedule revealed the ice machine was cleaned on January 11, 2012.

Interview with Licensed Practical Nurse #5, on January 29, 2012, at 4:00 p.m., in the fourth floor Nourishment Room, confirmed the food items were not dated, open individual cartons of milk were to be discarded and not placed in the

F 371

F371 Continued

up by the vendor. The A.M. and P.M. supervisors will monitor this on a daily basis and twice a week by the Director and/or Assistant as inventory is completed.

The A.M. and P.M. supervisors will monitor the leftover food items stored in the cooler for the appropriate time frame on a daily basis.

Designated dietary staff will monitor all items stored in the freezer twice weekly to ensure they are used within the 6 month time frame or discarded if needed.

Designated dietary staff will clean the fans in the coolers on a monthly basis.

Ongoing compliance will be monitored under the supervision of the Dietary Director. Random audits will be completed by the Director/Assistant on a weekly basis for 3 months and if 100% compliance has been reached the audits will be reduced to monthly. The results of these audits will be reviewed at the monthly CQI meetings.

The refrigerator in the nourishment room on each unit will be checked daily by the 11-7 shift staff for proper labeling and dating of stored food. The 11-7 shift supervisor and the 7p-7a shift supervisor will monitor this on a daily basis. Reports of non-compliance will be reported to the Director of Nursing.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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SUPPLEMENTAL # 1

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JULY 25, 2013
9:31 am

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE

KNOXVILLE, TN 37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 425	Continued From page 11 This REQUIREMENT is not met as evidenced by: Based on observation, interview, and review of facility policy, the facility failed to ensure medications were not prepared until time of administration for one of three nurses observed during medication pass. The findings included: Observation of Licensed Practical Nurse (LPN) #2 on January 29, 2012, between 4:15 p.m., and 4:33 p.m., during a medication pass on the third floor, revealed the LPN placed a clear, plastic medication cup, containing one pill in the top drawer of the cart. Continued observation revealed the medication cup was labeled with a room number, and did not indicate the name of the medication. Continued observation revealed the nurse, between 4:15 p.m., and 4:33 p.m., administered medications to four different residents in three different resident rooms with the medication remaining in the top drawer of the cart. Interview with LPN #2 on January 29, 2012, at 4:33 p.m., on the third floor hallway, confirmed the pill in the medication cup was a Percocet (schedule II narcotic) for resident #22 the LPN had dispensed prior to starting the medication pass. Continued interview confirmed the medication was stored in the medication cup in the top drawer of the cart to be administered later.	F 425	F425 It is the policy of the facility to provide pharmaceutical services including procedures that assure the accurate acquiring, receiving, dispensing, and administering of all drugs and biological to meet the needs of each resident. The staff member that failed to properly dispense the medication prior to starting the medication pass has been in-service on proper procedure by the D.O.N. All residents have the potential to be affected by the cited deficiency, under the direction of the director of Nurses the In-service Coordinator will re-in-service the licensed staff regarding proper dispensing of medication prior to starting a medication pass. These in-services will be completed by 02/29/12 To further ensure compliance random audits will be completed on proper dispensing of medication prior to starting a medication pass by In-service Coordinator, nursing Administration and the Pharmacy Consultant. Audits will be completed monthly until 100% compliance has been achieved and then quarterly until 100% compliance achieved. The audits will be monitored and reviewed by the CQI Director. The results of these audits will be reported in the monthly CQI meetings, which consist of the medical director,	02/29/12

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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SUPPLEMENTAL # 1

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE
KNOXVILLE, TN 37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 425	Continued From page 12 Review of the facility's policy, Drug Administration (no date), revealed "...Drugs are given as soon as possible after doses prepared..." Medical record review of the Medication Administration Record (MAR) for resident #22 and interview with LPN #6, on January 31, 2012, at 8:05 a.m., in the third floor medication room, confirmed resident #22 had routine physician's orders for Percocet 10 milligrams (mg) every six hours and the resident received the Percocet at 6:00 p.m., on January 29, 2012 (one hour and forty-five minutes after LPN #2 dispensed the medication). Interview with the Director of Nursing (DON) on January 30, 2012, at 2:15 p.m., in the Activities Room, confirmed the nurses were not to dispense medications until the time of administration, and it was not according to facility policy to dispense a schedule II narcotic over an hour before administering and leaving in a top drawer of an unlocked cart.	F 425	F425 Continued administration, CQI director, director and assistant director of nursing, social services director, pharmacy director, environmental services director, dietary representative, and activity director.	
F 431 SS=E	483.60(b), (d), (e) DRUG RECORDS, LABEL/STORE DRUGS & BIOLOGICALS The facility must employ or obtain the services of a licensed pharmacist who establishes a system of records of receipt and disposition of all controlled drugs in sufficient detail to enable an accurate reconciliation; and determines that drug records are in order and that an account of all controlled drugs is maintained and periodically reconciled. Drugs and biologicals used in the facility must be labeled in accordance with currently accepted professional principles, and include the	F 431	F431 It is the policy of this facility that drugs and biological used in the facility must be labeled in accordance with currently accepted professional principles. It is also the policy of this facility to provide separately locked, permanently affixed compartments for the storage of controlled drugs listed in Schedule II of the Comprehensive Drug Abuse Prevention and Control Act of 1976.	

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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SUPPLEMENTAL # 1

OMB NO. 0938-0133
July 25, 2013
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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER SHANNONDALE HEALTH CARE CENTER	STREET ADDRESS, CITY, STATE, ZIP CODE 7424 MIDDLEBROOK PIKE KNOXVILLE, TN 37909
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 431	<p>Continued From page 13</p> <p>appropriate accessory and cautionary instructions, and the expiration date when applicable.</p> <p>In accordance with State and Federal laws, the facility must store all drugs and biologicals in locked compartments under proper temperature controls, and permit only authorized personnel to have access to the keys.</p> <p>The facility must provide separately locked, permanently affixed compartments for storage of controlled drugs listed in Schedule II of the Comprehensive Drug Abuse Prevention and Control Act of 1976 and other drugs subject to abuse, except when the facility uses single unit package drug distribution systems in which the quantity stored is minimal and a missing dose can be readily detected.</p> <p>This REQUIREMENT is not met as evidenced by: Based on observation, interview, and review of facility policy, the facility failed to secure medications in the drug cart during medication pass, including a schedule II narcotic, for two of two carts observed; failed to ensure medications were properly labeled for three of three medication carts observed; failed to ensure biologicals were not available for use beyond the expiration date for one of two Medication Preparation rooms observed; and failed to ensure schedule II narcotics were secured behind two locks for one of three medication carts and one of two Medication Preparation rooms observed.</p>	F 431	<p>F431 Continued</p> <p>The L.P.N. that failed to properly dispense the medication has been in-serviced on the proper storage and dispensing of medication. Both L.P.N.'s that failed to lock the medication carts during med pass were also in-serviced.</p> <p>The medication cart with the missing plastic piece has been inspected and appropriately repaired.</p> <p>The two packages containing Metoprolol were removed from the drawer. The Azelastine Nasal Spray was removed from the cart.</p> <p>The two tubes of creams that had illegible labels were removed and appropriately disposed.</p> <p>The floor with vacutainers and urine C&S tubes that had expired were removed from the floor and appropriately disposed.</p> <p>The staff members responsible for placing the narcotic in the medi-prep room were instructed immediately on proper procedure for handling of narcotics of discharged residents.</p> <p>All residents have the potential to be affected by these deficient practices. All licensed personnel will be in-serviced by 02/29/12 on proper storage and dispensing of medication as well as locking the cart during medication pass.</p>	02/29/12

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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SUPPLEMENTAL # 1

OMB NO. 0938-0132

July 25, 2013 9:31 am

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE
KNOXVILLE, TN 37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 431	Continued From page 14 The findings included: Observation of Licensed Practical Nurse (LPN) #2 on January 29, 2012, between 4:15 p.m., and 4:33 p.m., during a medication pass on the third floor, revealed the LPN placed a clear, plastic medication cup, containing one pill in the top drawer of the cart. Continued observation revealed the medication cup was labeled with a room number, and did not indicate the name of the medication. Continued observation revealed the nurse, between 4:15 p.m., and 4:33 p.m., administered medications to four different residents in three different resident rooms with the medication remaining in the top drawer of the cart. Continued observation revealed the LPN went to the first resident room, and without locking the medication cart, administered medications to the resident with the back turned to the cart and the cart out of line of sight. Continued observation revealed the nurse went to the second room, without locking the medication cart, pulled the cart into the resident's room, administered medications to two residents, and entered the bathroom to wash the hands with the door of the bathroom blocking eye contact with the unlocked medication cart. Continued observation revealed the LPN went to the third resident room, and without locking the cart, entered the resident's room, checked a finger stick blood sugar, and administered an insulin injection, with the LPN's back turned to the medication cart and the unlocked cart out of line of sight. Interview with LPN #2 on January 29, 2012, at 4:33 p.m., on the third floor hallway, confirmed the pill in the medication cup was a Percocet	F 431	F431 Continued To prevent unit dose medications from being placed in the drawer of the medication cart without labeling baggies will be placed with the emergency stock medications. Anything removed from that area will be placed in the baggy with the residents name and room number until the pharmacy is available to label it. All nursing supervisors will be in-serviced on this practice. To further ensure proper labeling a new batch of labels have been attained by the pharmacy that will decrease the potential for labels fading. Nursing personnel will be responsible for checking their medication carts for missing or fading labels on a daily basis and pharmacy staff will check for missing or fading labels on a monthly basis. Any missing or fading labels will be replaced immediately. Any repairs needing to be done to the medicine carts are to be reported to the Pharmacy Director immediately. Expiration dates on all lab supplies on the floors have been checked. The nursing supervisors will be responsible for checking lab supplies on the floor on a monthly basis. All licensed personnel will be in-serviced by 02/29/2012 on the proper procedure for handling of narcotics of discharged residents. This will be monitored by both nursing and pharmacy personnel. Any deficient practice will be reported to the Nursing Director and the Pharmacy Director.	02/29/12

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424-MIDDLEBROOK PIKE

KNOXVILLE, TN 37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 431	<p>Continued From page 15</p> <p>(schedule II narcotic) for resident #22 the LPN had dispensed prior to starting the medication pass. Continued interview confirmed the medication was stored in the medication cup in the top drawer of the cart to be administered later; the medication cart had not been locked during the medication administration; and the cart was not in the line of sight when entering the bathroom to wash the hands.</p> <p>Observation of LPN #3 on January 30, 2012, at 8:10 a.m., on the fifth floor, during a medication pass, revealed the LPN dispensed medications for a resident, and without locking the medication cart, entered the resident's room, turned the LPN's back to the cart in the doorway out of line of sight, and assisted the resident to take medications. Observation of the cart, while the LPN was in the resident room with the back turned, revealed a plastic piece of the cart was missing with pills visible in the cart from the hallway.</p> <p>Review of facility policy, Pharmacy Utilization of Services (no date), revealed "...Narcotics on the floors are under double lock and key..."</p> <p>Interview with the Director of Nursing (DON) on January 30, 2012, at 2:15 p.m., in the Activities Room, confirmed nurses were to keep the medication cart either locked or in direct line of sight at all times. Further interview confirmed turning a back to the cart would not have the medication cart in direct line of sight.</p> <p>Observation of a medication cart on the third floor on January 29, 2012, at 4:35 p.m., revealed the top drawer contained two packages of Metoprolol</p>	F 431	<p>F431 Continued</p> <p>Ongoing compliance will be monitored under the direction of the Director of Nursing and the Director of Pharmacy with any deficient practices reported to the CQI Director.</p> <p>Results will be reported in the monthly CQI meetings which consist of the medical director administration CQI director, director and assistant director of nursing, social services, pharmacy director, environmental services director, dietary representative and activity director</p>	

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE
KNOXVILLE, TN 37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 431	<p>Continued From page 16</p> <p>50 milligrams (mg) with no prescription label and no resident's name.</p> <p>Interview with LPN #2 on January 29, 2012, at 4:35 p.m., on the third floor hallway, confirmed the medications were loose and the LPN did not know who the medications were for.</p> <p>Observation of a medication cart in the fifth floor medication room, on January 30, 2012, at 2:30 p.m., revealed a top drawer contained one bottle of Azelastine Nasal Spray with no prescription label and no label to indicate the resident's name.</p> <p>Interview with LPN #3 on January 30, 2012, at 2:30 p.m., in the fifth floor medication room, confirmed nasal sprays were individual use and the nasal spray had no label to indicate the resident's name or prescription instructions.</p> <p>Observation of a medication cart on January 31, 2012, at 8:15 a.m., in the third floor medication room, with LPN #6 revealed one open partially used tube of Triamcinolone Acetonide Cream (topical steroid) with a faded illegible resident label on the outside of the tube, and one open partially used tube of Terbinafine Hydrochloride Cream (antifungal) with a faded illegible resident label on the outside of the tube.</p> <p>Interview with LPN #6 on January 31, 2012, at 8:15 a.m., in the third floor medication room confirmed that medications are to be "thrown away when there is no name on it or you can't read label."</p> <p>Observation of the Medication Preparation room on the third floor on January 31, 2012, at 8:15</p>	F 431		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE
KNOXVILLE, TN 37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 431	<p>Continued From page 17</p> <p>a.m., revealed a box with supplies to obtain blood for laboratory tests contained three purple top vacutainers with an expiration date of April 2011 and two Urine C&S (culture and sensitivity) tubes with an expiration date of September 2010.</p> <p>Interview with LPN #6 on January 31, 2012, at 8:15 a.m., in the third floor Medication Preparation Room confirmed the laboratory tubes were available for use beyond the expiration date.</p> <p>Observation of the second floor Medication Preparation Room on January 31, 2012, at 10:10 a.m., revealed the door to the room was locked. Further observation revealed setting on a countertop in a plastic bin was a medication sheet with 22 pills of Opana (schedule II narcotic) ER (extended release) 10 mg tablets.</p> <p>Interview with LPN #4 on January 31, 2012, at 10:10 a.m., in the second floor Medication Preparation Room confirmed the nurses place medications from discharged residents in the bin for pick up by the pharmacy every day. Further interview confirmed the pills of Opana were secured by only one lock and not two double locks.</p> <p>Review of facility-policy, Pharmacy Utilization of Services (no date), revealed "...Narcotics on the floors are under double lock and key..."</p> <p>Interview with the Pharmacist on January 31, 2012, at 10:30 a.m., in the pharmacy, confirmed schedule II narcotics were to be secured behind two locks and placing the medications in the bin secured only by the door lock would not meet requirements of two locks.</p>	F 431		

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01/31/2012

KNOXVILLE, TN 37909

02/29/12

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

145

PRINTED: 02/02/2012
SUPPLEMENTAL # 1

OMB NO. 0938-0133
July 25, 2013

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE
KNOXVILLE, TN 37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 441	Continued From page 19 This REQUIREMENT is not met as evidenced by: Based on observation, interview, and review of facility policy, the facility failed to follow policy related to infection control during the ice pass for one of three observations; failed to ensure sharps containers were not used beyond safety recommendations for one of three medication carts observed; and failed to ensure nurses wore gloves during invasive procedures for one of three nurses observed during medication pass. The findings included: Observation on January 29, 2012, at 2:10 p.m., on the Fifth floor hallway, revealed Certified Nurse Assistant (CNA) #1 filling ice water pitchers with ice outside three separate resident rooms. Further observation revealed CNA #1 went into each resident's room, took each resident's water pitcher outside the room, filled the pitcher with ice, returned the pitchers into the room and exited without sanitizing the hands between residents. Further observation at 2:15 p.m., revealed the CNA exiting a resident's room with a dirty lunch tray, took the tray out into the hallway to the cart in the dining room, and reentered the resident's room and then exited the room without washing or sanitizing the hands. Interview with CNA #1, on January 29, 2012, at 2:20 p.m., on the Fifth floor hallway, confirmed the pitchers had been used by residents and the hands had not been sanitized between residents. Review of facility policy, Hand Hygiene, revealed "...when hands are visibly dirty or contaminated	F 441	F441 Continued To further ensure compliance random audits will be completed on each floor for compliance and to ensure containers are not overfilled by the Infection Control Nurse, the In-service coordinator and nursing administration for three months and continued monthly until 100% compliance has been reached. The audit will be reviewed by the infection Control Nurse and noted deficiencies will be evaluated and education provided as needed. The results of these audits will be reported in the monthly CQI meetings, which consist of the medical director, administration, CQI Director, Director and Assist director of Nursing, social services director, pharmacy director, environmental services director, dietary representative, and activity director. It is the policy of this facility to establish and maintain a safe and sanitary and comfortable environment and to help prevent the development and transmission of disease and infection. The staff member that failed to properly obtain a residents blood glucose and give an insulin injection without wearing gloves will be in-serviced by 02/29/12 on wearing gloves during a procedure. All residents have the potential to be affected by the cited deficiency, under the direction of the of the Director of Nurses the In-service coordinator will	02/29/12

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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July 25, 2013 9:31 am

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE
KNOXVILLE, TN-37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 441	<p>Continued From page 20</p> <p>with proteinaceous material...perform hand hygiene with either a non-antimicrobial soap and water or an antimicrobial soap and water...if hands are not visibly soiled, use an alcohol-based hand rub for routinely decontaminating hands in all clinical situations other than those listed under "handwashing" above..."</p> <p>Interview with the Director of Nursing (DON), on January 29, 2012, at 3:00 p.m., in the DON's office, confirmed the CNA failed to sanitize the hands between resident rooms and failed to follow standard infection control practice.</p> <p>Observation of a medication cart during medication pass on January 29, 2012, between 4:15 p.m., and 4:33 p.m., on the third floor, revealed the sharps container full of needles and syringes above the line marked $\frac{3}{4}$ full. Further observation revealed two syringes protruded through the opening in the top of the container. Further observation revealed the instructions on the box indicated the container was to be closed, locked, and disposed of when full to the $\frac{3}{4}$ line marking on the container.</p> <p>Review of facility policy, Infectious Waste Management dated 2007, revealed "...Sharps containers will not be overfilled. They should be replaced when $\frac{3}{4}$ full. When full, the Charge Nurse or designated staff member will be responsible to see that the containers are removed from the use area..."</p> <p>Review of facility policy, Handling and/or Disposing of Used Needles, dated 2007, revealed "...Safety Precautions...When the sharps container is $\frac{3}{4}$ filled, the container must be stored</p>	F 441	<p>F441 Continued</p> <p>Provide in-services by 02/29/12 for licensed nursing staff regarding infection control practices for wearing gloves while performing a procedure.</p> <p>To further ensure compliance random audits will be completed on proper procedure when performing blood glucose testing and giving injections by the Infection Control Nurse, the In-service coordinator and nursing administration. The audit will be reviewed by the infection Control Nurse and noted deficiencies will be evaluated and education provided as needed.</p> <p>The results of these audits will be reported in the monthly CQI meetings, which consist of the medical director, administration, CQI Director, Director and Assist director of Nursing, social services director, pharmacy director, environmental services director, dietary representative, and activity director.</p>	02/29/12

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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PRINTED: 02/02/2012
OMB NO. 0938-0391
July 28, 2013 9:31 am
SUPPLEMENTAL # 1

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE
7424 MIDDLEBROOK PIKE
KNOXVILLE, TN 37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 441	<p>Continued From page 21 until picked up by a licensed vendor for proper disposal..."</p> <p>Interview with Licensed Practical Nurse (LPN) #2 on January 29, 2012, at 4:33 p.m., on the third floor hallway, confirmed the sharps container was beyond the ¾ mark and needed to be removed from the medication cart.</p> <p>Observation of LPN #2 on January 29, 2012, between 4:25 p.m., and 4:33 p.m., during a medication pass on the third floor, revealed the LPN entered resident #31's room, and without donning gloves, used a lancet to prick the resident's finger and obtained blood from the finger, applied blood to an applicator for obtaining blood sugar values, and pressed an alcohol pad to the resident's finger with the LPN's two fingers behind the alcohol pad. Further observation revealed, without donning gloves, LPN #2 administered an insulin injection to the resident's abdomen.</p> <p>Review of facility policy, Blood Glucose Monitoring Policy and Procedure, updated April 18, 2011, revealed "...Infection Control Guidelines...Wear gloves during procedure...Wash hands and put on gloves...select puncture site and clean with alcohol pad. Puncture site with lancet...Touch the blood drop to the white area at the end of the test strip...Briefly apply pressure to the puncture site until bleeding stops...Remove and discard gloves..."</p> <p>Interview with LPN #2 on January 29, 2012, at 4:33 p.m., outside resident #31's room, confirmed the LPN did not wear gloves while obtaining a</p>	F 441		

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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SUPPLEMENTAL # 1

PRINTED: 02/02/2012
FORM APPROVED
OMB NO. 0938-0120
July 25, 2013
9:31 am

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH-CARE-CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE
KNOXVILLE, TN 37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 441	Continued From page 22 blood sample to check the resident's blood sugar or while giving an insulin injection.			
F 465 SS=D	C/O #28925 483.70(h) SAFE/FUNCTIONAL/SANITARY/COMFORTABLE ENVIRON The facility must provide a safe, functional, sanitary, and comfortable environment for residents, staff and the public. This REQUIREMENT is not met as evidenced by: Based on observation, policy review, and interview, the facility failed to maintain a sanitary environment. The findings included: Observations, on January 29, 2012, at 10:25 a.m., of the East Bath room, on the fifth floor, revealed a portable commode chair with urine colored liquid in the receptacle and yellow stains on the seat. Review of facility policy, Commode Chair, Care and Cleaning of, revealed "...After each use of the Commode Chair...Empty commode receptacle in the adjacent toilet and rinse well...use brush and disinfectant solution to clean..." Interview with the Nursing Supervisor, in the Fifth Floor East Bath, on January 29, 2012, at 10:35 a.m., confirmed the commode chair receptacle contained urine, and should have been cleaned after use and before being stored in the Bath	F 465	F465 It is the policy of this facility to provide a safe, functional, sanitary, and comfortable environment for residents, staff and the public. The staff that failed to empty and disinfect the commode chair after use, immediately cleansed and disinfected the commode chair on January 29, 2012. All residents have the potential to be affected by the cited deficiency, under the direction of the Director of Nurses the In-service coordinator will provide in- services by 02/29/12 for certified nursing staff regarding proper cleansing of equipment after use. To further ensure compliance random audits will be completed on proper procedure of cleaning and disinfecting equipment after use by the Nursing supervisors and charge nurses. The audits will be reviewed by the Assistant director of nursing and noted deficiencies will be evaluated and education provided as needed.	02/29/12

FORM APPROVED

July 25, 2013

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: TN4713	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED 01/31/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE
KNOXVILLE, TN 37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N-000	Initial Comments An annual Licensure survey and Complaint investigation #28157, #28925 were completed on January 29 - 31, 2012. No deficiencies were cited under Chapter 1200-8-6, Standards for Nursing Homes.	N-000		

Division of Health Care Facilities

Todd R. Taylor
 LICENSURE DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

V.P. Administrator

(X6) DATE

2-13-12

FORM

6899

C4G311

If continuation sheet 1 of 1

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

150

SUPPLEMENTAL # 1

OMB NO. 0938-0180

STATEMENT OF DEFICIENCIES ID PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01- MAIN BUILDING 01 B. WING	(X3) DATE SURVEY COMPLETED 01/29/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE-CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE
KNOXVILLE, TN 37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 050 SS=D	<p>NFPA 101 LIFE SAFETY CODE STANDARD</p> <p>Fire drills are held at unexpected times under varying conditions, at least quarterly on each shift. The staff is familiar with procedures and is aware that drills are part of established routine. Responsibility for planning and conducting drills is assigned only to competent persons who are qualified to exercise leadership. Where drills are conducted between 9 PM and 6 AM a coded announcement may be used instead of audible alarms. 19.7.1.2</p> <p>This STANDARD is not met as evidenced by: Based on observation and interview with state and nursing home staff, the facility failed to assure staff members are familiar with proper fire drill procedures.</p> <p>The findings include:</p> <p>During the fire drill on January 29, 2012 at 1:30 p.m. on the second (2nd) floor the staff failed to close patient room doors at 223 through 214, a total of 10 rooms. Also one (1) patient was left out in the corridor on the second (2nd) floor during the fire drill.</p>	K 050	<p>K050</p> <p>It is the policy of this facility that staff be familiar with fire drill procedures.</p> <p>The 2nd floor staff involved in the fire drill on January 29, 2012; immediately received in-service training on correct fire drill procedures.</p> <p>All residents have the potential to be affected by the cited deficiency. Under the direction of the Director of Nursing, all staff members will receive an in-service by 02/29/12 to review correct fire drill procedures.</p> <p>To further ensure compliance the In-Service Coordinator will conduct random fire drills in addition to the monthly fire drills until 100% compliance is achieved.</p> <p>The results of the random fire drills will be reported to the CQI director and discussed in the monthly CQI meetings which consist of the medical director, administration, CQI director, director and assistant director of nursing, social services director, pharmacy director, environmental services director, dietary director and activity director.</p>	02/29/12
K 062 SS=D	<p>NFPA 101 LIFE SAFETY CODE STANDARD</p> <p>Required automatic sprinkler systems are continuously maintained in reliable operating condition and are inspected and tested periodically. 19.7.6, 4.6.12, NFPA 13, NFPA 25, 9.7.5</p>	K 062	<p>K062</p> <p>It is the policy of this facility to continuously maintain the automatic sprinkle system in a reliable operating condition and inspect and test the system periodically.</p>	

Laboratory Director's or Provider/Supplier Representative's Signature

TITLE

(X6) DATE

Todd K. Taylor

V.P. Administrator

02-13-12

A deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

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PRINTED: 02/02/2012
NO. APPROVED: 1
SUPPLEMENTAL # 1

OMB NO. 0938-0039
JUL 29 2013

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING	(X3) DATE SURVEY COMPLETED 01/29/2012 9:31 am
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE
KNOXVILLE, TN 37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 062	Continued From page 1 This STANDARD is not met as evidenced by: Based on observation, the facility failed to assure the automatic sprinkler piping and hangers are not be used in the supporting of non-system components. The findings include: Observation on January 29, 2012 at 12:50 p.m. revealed wiring above the lay in ceiling on the third (3rd) floor was attached to or supported by sprinkler piping.	K 062	K062 Continued The wiring observed on January 29, 2012 was removed from the sprinkler piping on that of the 3 rd floor. All areas where the sprinkler piping is located has the potential to have wiring inappropriately attached or supported by the sprinkler piping. Under the direction of the Maintenance Director each floor of the facility will be checked for the deficient practice and wiring will be removed from the sprinkler system and re-secured according to code. This will be completed by 02/29/12.	
K 076 SS=D	NFPA 101 LIFE SAFETY CODE STANDARD Medical gas storage and administration areas are protected in accordance with NFPA 99, Standards for Health Care Facilities. (a) Oxygen storage locations of greater than 3,000 cu.ft. are enclosed by a one-hour separation. (b) Locations for supply systems of greater than 3,000 cu.ft. are vented to the outside. NFPA 99 4.3.1.1.2, 19.3.2.4 This STANDARD is not met as evidenced by: Based on observation, the facility failed to assure medical gasses were stored properly. The findings include: Observation on January 29, 2012 at 12:05 p.m. revealed 1 of 3 oxygen cylinders in the oxygen	K076	To further ensure compliance the maintenance department will do periodic checks when contractors are in the facility. Noted deficiencies will be corrected as needed. The results of the periodic rounds will be reported to the CQI Director and discussed in the monthly CQI meetings which consist of the medical director, administrator, CQI Director, Director and Assistant Director of Nursing, Social Services Director, Pharmacy Director, Dietary Director, Environmental Services Director, and Activity Director. K076 It is the policy of this facility that all O2 cylinders are properly secured when in storage. The cylinder on the fourth floor was properly secured on January 29, 2012.	02/29/12

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

152

PRINTED: 02/02/2012
FORM APPROVED
SUPPLEMENTAL # 1

OMB NO. 0938-0133
JULY 26, 2013

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: 445105	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01 B. WING _____	(X3) DATE SURVEY COMPLETED 9:31 am 01/29/2012
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NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE

KNOXVILLE, TN 37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 076	Continued From page 2 storage room on the fourth (4th) was not properly secured.	K 076	K076 Continued All oxygen storage areas have the potential to have O2 cylinders stored improperly. Under the direction of the Maintenance Director the In-service Coordinator will in-service by 02/29/12 the nursing staff regarding proper storage of oxygen cylinders.	02/29/12
K 147 SS=D	NFPA 101 LIFE SAFETY CODE STANDARD Electrical wiring and equipment is in accordance with NFPA 70, National Electrical Code. 9.1.2 This STANDARD is not met as evidenced by: Based on observation, the facility failed to assure electrical wiring is installed in accordance with NFPA 70. The findings include: Observation on January 29, 2012 at 1:00 p.m. revealed one (1) electrical junction box above patient room 326 was open and contained exposed electrical wires.	K 147 It is the policy of this facility that the electrical wiring and equipment is in accordance with NFPA 70, National Electric Code 9.1.2 The wiring in the electrical junction box above patient room 326 was immediately corrected per the electrical code.		

July 25, 2013

9:31 am

CONTINUATION SHEET FOR: K147

Statement of Deficiencies and Plan of Correction

Shannondale Health Care Center
7424 Middlebrook Pike
Knoxville, TN 37919

Provider # 445105

K147 Continued

All junction boxes above resident rooms have the potential to have wiring in the junction boxes exposed. Under the direction of the Maintenance Director each floor of the facility will be checked by 02/29/12 for the deficient practice, the maintenance staff will do floor to floor checks of all junction boxes and correct any deficiencies noted at that time. 02/29/12

To further ensure compliance the maintenance department will do periodic checks when contractors are in the facility. Noted deficiencies will be corrected as needed.

The results of the periodic rounds will be reported to the CQI Director and discussed in the monthly CQI meetings which consist of the medical director, administrator, CQI Director, Director and Assistant Director of Nursing, Social Services Director, Pharmacy Director, Dietary Director, Environmental Services Director, and Activity Director.

Division of Health Care Facilities

154

SUPPLEMENTAL # 1

JULY 23, 2013
FORM APPROVED

July 25, 2013

9:31 am

STATEMENT OF DEFICIENCIES
AND PLAN OF CORRECTION(X1) PROVIDER/SUPPLIER/CLIA
IDENTIFICATION NUMBER:

TN4713

(X2) MULTIPLE CONSTRUCTION

A. BUILDING 01 - MAIN BUILDING 01
B. WING(X3) DATE SURVEY
COMPLETED

01/29/2012

NAME OF PROVIDER OR SUPPLIER

SHANNONDALE HEALTH CARE CENTER

STREET ADDRESS, CITY, STATE, ZIP CODE

7424 MIDDLEBROOK PIKE
KNOXVILLE, TN 37909

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETE DATE
N-831	<p>1200-8-6-.08(1)-Building Standards</p> <p>(1) The nursing home must be constructed, arranged and maintained to ensure the safety of the resident.</p> <p>This Rule is not met as evidenced by: Based on observation, the facility failed to assure the building is constructed, arranged, and maintained to ensure the safety of the residents and staff.</p> <p>The Findings Include:</p> <p>Observation on January 29, 2012 at 10:51 a.m. revealed in the cart cleaning room/area, the wall is covered with dirt and debris.</p>	N-831	<p>N831</p> <p>The wall referenced was immediately cleaned on 01-29-2012.</p> <p>All residents have the potential to be affected. The maintenance director will cover this wall with a .125 (3.2mm) 4'x8' sheet of Korogard Protective wall covering by 02/29/12.</p> <p>Once installed the dietary manager will inspect this room on a weekly basis to ensure that there is no build-up of dirt and debris.</p> <p>The results of the dietary manager's weekly review will be reported and discussed at the monthly CQI meetings which consist of the Medical Director, Administrator, D.O.N., A.D.O.N., Social Services Director, Pharmacy Director, Environmental Services Director, Dietary Director and Activities Director.</p>	02/29/12

Division of Health Care Facilities

TODD K. TAYLOR
DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

V.P. Administrator

(X6) DATE

2-13-12

FORM

6899

C4G321

If continuation sheet 1 of 1

27. Section C, Orderly Development, Items 8 and 9

Items 8 and 9 are applicable to this project. Please provide a response.

Item 8. There have been no final orders or judgments entered in any state or country by any licensing agency or court of law against professional licenses held by the applicant or any entities or persons with more than 5% ownership interest in the applicant.

Item 9. There have been no final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

19. Section C, Economic Feasibility, Item 8

The applicant states the Net Operating Income less capital expenditures in Year One of the proposed project is \$1,405,000 for Year 2014. The Projected Data Chart indicates the total is \$1,504,000. Please clarify. If needed, please submit a replacement page with the correct amount.

As noted in the Projected Data Chart, the Net Operating Income (NOI) less the capital expenditures for the proposed project will be 1,504,000.00 for 2014 and 1,406,000.00 for 2015. Therefore, based on these projection, it is clear that this project is financially viable at the start up and positively contributes to the additional cash flow to the corporation, thereby ensuring sufficient cash flow is available.

(See following Replacement Page for Section C, Economic Feasibility, Item 8)

COPY-
SUPPLEMENTAL-2

Shannondale Rehab. Ctr.

CN1307-024

SUPPLEMENTAL

AFFIDAVIT

2013 JUL 29 AM 9 48

STATE OF TENNESSEE

COUNTY OF KnoxNAME OF FACILITY: Shannondale Rehabilitation Center

I, William R. Thomas Jr., after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

William R. Thomas Jr.
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 26th day of July, 2013,
witness my hand at office in the County of Knox, State of Tennessee.

Margie F. Riffe
NOTARY PUBLIC

My commission expires MY COMMISSION
EXPIRES
NOVEMBER, 2 2016

HF-0043

Revised 7/02



1. Section B, Project Description, Item II.A

The applicant notes the total project construction cost of \$5,742,150 includes the Site Preparation costs of \$325,000 which calculates a total square footage cost of \$150.00 per square foot. Please recalculate the construction cost per square foot with the construction cost of \$5,417,150. The Site Preparation costs are separate costs from the Construction costs.

The cost per square footage for the construction costs only is \$141.51. This is determined by the total construction cost of \$5,417,150 divided by 38281 square feet.

Section C, Need, Item 1. (Service Specific Criteria-Nursing Home)

Please expand your response to this criterion. Please provide a response to each numbered nursing home standard and criteria listed below. If the standard or criteria does not apply, please respond N/A. If applicable, please contact the Tennessee Department of Health.

A. Need

1. According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

$$\begin{aligned} \text{County bed need} = & .0005 \times \text{pop. 65 and under, plus} \\ & .0120 \times \text{pop. 65-74, plus} \\ & .0600 \times \text{pop. 75-84, plus} \\ & .1500 \times \text{pop. 85, plus} \end{aligned}$$

We have utilized the referenced formula to determine the bed need in Knox County for the years 2013, 2014 and 2015. The population data used was obtained from the Tennessee Department of Health Division of Statistics. Please find attached the projected population table utilized.
County Bed Need Formula 2013

Age	Population	Bed Need Multiplier	Bed Need by age Group
Under 65	370656	.0005	185
65 – 74	34544	.0120	414
75 – 84	18295	.0600	1097
85 Plus	8496	.1500	1274
Total Bed Need in Knox County			2970

County Bed Need Formula 2014

Age	Population	Bed Need Multiplier	Bed Need by age Group
Under 65	371760	.0005	185
65 – 74	36103	.0120	433
75 – 84	18377	.0600	1102
85 Plus	8701	.1500	1305
Total Bed Need in Knox County			3025

County Bed Need Formula 2015

Age	Population	Bed Need Multiplier	Bed Need by age Group
Under 65	372942	.0005	186
65 – 74	37740	.0120	452
75 – 84	18466	.0600	1107
85 Plus	8912	.1500	1336
Total Bed Need in Knox County			3081

**Population Projections,
Tennessee Counties and the State,
2010-2020**

**COUNTY- Knox
RACE/SEX- Total**

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0 to 4	25,696	25,863	26,029	26,201	26,372	26,547	26,742	26,937	27,138	27,331	27,537
5 to 9	24,942	24,992	25,041	25,093	25,146	25,197	25,348	25,502	25,653	25,807	25,963
10 to 14	25,958	26,018	26,077	26,145	26,211	26,281	26,320	26,358	26,399	26,438	26,479
15 to 19	29,747	29,822	29,899	29,982	30,066	30,156	30,266	30,384	30,502	30,627	30,754
20 to 24	34,295	34,621	34,955	35,293	35,637	35,989	36,060	36,132	36,205	36,286	36,374
25 to 29	28,041	28,145	28,242	28,345	28,447	28,553	28,820	29,091	29,366	29,648	29,932
30 to 34	26,392	26,585	26,782	26,978	27,180	27,383	27,466	27,547	27,637	27,727	27,818
35 to 39	27,414	27,194	26,977	26,762	26,554	26,345	26,519	26,700	26,880	27,062	27,245
40 to 44	28,405	28,214	28,030	27,846	27,668	27,493	27,267	27,046	26,825	26,610	26,396
45 to 49	32,107	31,479	30,865	30,265	29,677	29,103	28,903	28,708	28,514	28,323	28,133
50 to 54	31,760	31,782	31,809	31,841	31,868	31,901	31,272	30,661	30,063	29,476	28,904
55 to 59	28,705	29,072	29,451	29,831	30,217	30,613	30,642	30,673	30,707	30,744	30,779
60 to 64	24,250	24,840	25,448	26,074	26,717	27,381	27,741	28,105	28,478	28,856	29,245
65 to 69	17,449	18,308	19,208	20,158	21,151	22,197	22,747	23,313	23,900	24,501	25,117
70 to 74	12,815	13,319	13,838	14,386	14,952	15,543	16,317	17,134	17,986	18,888	19,832
75 to 79	10,087	10,220	10,356	10,493	10,631	10,773	11,208	11,660	12,133	12,624	13,138
80 to 84	7,970	7,913	7,857	7,802	7,746	7,693	7,806	7,926	8,045	8,167	8,291
85 plus	7,912	8,102	8,297	8,496	8,701	8,912	9,024	9,139	9,256	9,375	9,495
ALL AGES	423,945	426,489	429,161	431,991	434,941	438,060	440,468	443,016	445,687	448,490	451,432

**COUNTY- Knox
RACE/SEX- White Male**

AGE	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
0 to 4	11,406	11,464	11,521	11,580	11,637	11,696	11,764	11,832	11,900	11,967	12,037
5 to 9	10,863	10,877	10,891	10,905	10,920	10,934	10,984	11,034	11,082	11,132	11,183
10 to 14	11,193	11,243	11,293	11,345	11,396	11,448	11,458	11,467	11,477	11,486	11,496
15 to 19	12,905	12,874	12,845	12,815	12,787	12,758	12,829	12,904	12,978	13,052	13,127
20 to 24	15,491	15,607	15,722	15,840	15,958	16,077	16,046	16,016	15,984	15,954	15,924
25 to 29	12,448	12,532	12,613	12,699	12,782	12,866	12,961	13,056	13,153	13,250	13,348
30 to 34	11,548	11,647	11,747	11,846	11,949	12,052	12,125	12,199	12,277	12,352	12,429
35 to 39	12,172	12,031	11,892	11,753	11,619	11,485	11,575	11,668	11,760	11,855	11,949
40 to 44	12,627	12,538	12,450	12,361	12,275	12,187	12,048	11,910	11,773	11,638	11,505
45 to 49	14,096	13,842	13,594	13,349	13,108	12,871	12,780	12,688	12,596	12,507	12,416
50 to 54	14,011	13,997	13,983	13,971	13,957	13,944	13,695	13,451	13,211	12,974	12,743
55 to 59	12,545	12,713	12,886	13,061	13,238	13,417	13,410	13,403	13,395	13,390	13,382
60 to 64	10,649	10,864	11,083	11,307	11,535	11,769	11,936	12,105	12,278	12,453	12,630
65 to 69	7,398	7,782	8,184	8,608	9,052	9,521	9,722	9,929	10,139	10,355	10,573
70 to 74	5,270	5,473	5,685	5,904	6,132	6,369	6,707	7,063	7,437	7,833	8,248
75 to 79	3,839	3,913	3,989	4,067	4,143	4,224	4,396	4,576	4,761	4,956	5,158
80 to 84	2,682	2,680	2,679	2,679	2,678	2,678	2,737	2,800	2,865	2,930	2,997
85 plus	1,970	2,027	2,086	2,147	2,210	2,275	2,317	2,359	2,404	2,448	2,493
ALL AGES	183,113	184,104	185,143	186,237	187,376	188,571	189,490	190,460	191,470	192,532	193,638

2. The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.

We have calculated the nursing home bed need for Knox County for the next two years (2014 & 2015) as referenced in the previous response.

3. The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.

Please find attached the approved inventory of nursing home beds in Knox County obtained for the Department of Health. It indicates that there are 2011 licensed nursing home beds in Knox County.

For more information, please contact:
Health Care Facilities: (615)741-7221 or 1-888-310-4650

Current Listings:

Type = Nursing Home County = KNOX

[Click here to return to the search page](#)

Total Facilities:16

Total Beds:2011

1. BEVERLY PARK PLACE HEALTH AND REHAB 5321 BEVERLY PARK CIRCLE KNOXVILLE, TN 37918 Attn: SUSETTE WILLIAMSON (865) 687-1321	Administrator: SUSETTE WILLIAMSON Owner Information: HILLCREST HEALTHCARE COMMUNITIES, INC. 5325 BEVERLY PARK CIRCLE KNOXVILLE, TN 37918 (865) 246-4004	Facility License Number: 00000143 Status: Licensed Number of Beds: 0271 Date of Last Survey: 05/20/2013 Accreditation Expires: Date of Original Licensure: 07/01/1992 Date of Expiration: 05/17/2014 This Facility is Managed By: GRACE HEALTHCARE, LLC CHATTANOOGA TN
2. BRAKEBILL NURSING HOMES, INC. 5837 LYONS VIEW PIKE KNOXVILLE, TN 37919 Attn: WILLIAM M. TROGLEN (1876) (865) 584-3902	Administrator: William Michael Troglen Owner Information: BRAKEBILL NURSING HOME, INC. 5837 LYONS VIEW PIKE KNOXVILLE, TN 37919 (865) 584-3902	Facility License Number: 00000141 Status: Licensed Number of Beds: 0222 Date of Last Survey: 05/01/2013 Accreditation Expires: Date of Original Licensure: 07/01/1992 Date of Expiration: 04/08/2014
3. FORT SANDERS TRANSITIONAL CARE UNIT 1901 CLINCH AVENUE KNOXVILLE, TN 37916 Attn: KEITH ALTSHULER (865) 541-1111	Administrator: KEITH ALTSHULER Owner Information: FORT SANDERS REGIONAL MEDICAL CENTER, INC 1901 CLINCH AVENUE KNOXVILLE, TN 37916 (865) 541-1111	Facility License Number: 00000325 Status: Licensed Number of Beds: 0024 Date of Last Survey: 11/15/2012 Accreditation Expires: 04/30/2014 Date of Original Licensure: 05/16/1994 Date of Expiration: 09/08/2013
4. HOLSTON HEALTH & REHABILITATION CENTER 3916 BOYDS BRIDGE PIKE KNOXVILLE, TN 37914 Attn: KEITH S. MCCORD (865) 524-1500	Administrator: KEITH S. MCCORD Owner Information: NHC HEALTHCARE/HOLSTON HILLS, LLC 3916 BOYDS BRIDGE PIKE KNOXVILLE, TN 37914 (865) 524-1500	Facility License Number: 00000333 Status: Licensed Number of Beds: 0109 Date of Last Survey: 04/16/2013 Accreditation Expires: Date of Original Licensure: 02/06/1995 Date of Expiration: 01/28/2014
5. ISLAND HOME PARK HEALTH AND REHAB 1758 HILLWOOD DRIVE KNOXVILLE, TN 37920 Attn: MELISSA HANSEN (1188) (865) 573-9621	Administrator: MELISSA HANSEN Owner Information: HILLCREST HEALTHCARE COMMUNITIES, INC. 5325 BEVERLY PARK CIRCLE KNOXVILLE, TN 37918 (865) 687-1321	Facility License Number: 00000144 Status: Licensed Number of Beds: 0095 Date of Last Survey: 10/24/2012 Accreditation Expires: Date of Original Licensure: 07/01/1992 Date of Expiration: 02/24/2014 This Facility is Managed By: GRACE HEALTHCARE, LLC SUITE 200 CHATTANOOGA TN
6. KINDRED NURSING AND REHABILITATION-NORTHAVEN	Administrator: TRUDY DURHAM Owner Information: KINDRED NURSING CENTERS	Facility License Number: 00000148 Status: Licensed

3300 NORTH BROADWAY KNOXVILLE, TN 37917 Attn: TRUDY DURHAM (865) 689-2052	LIMITED PARTNERS 680 S. FOURTH STREET LOUISVILLE, KY 40202-2407 (502) 596-7300	Number of Beds: 0096 Date of Last Survey: 06/05/2013 Accreditation Expires: Date of Original Licensure: 07/01/1992 Date of Expiration: 06/28/2014
7. LITTLE CREEK SANITARIUM 1811 LITTLE CREEK LANE KNOXVILLE, TN 37922 Attn: ELIZABETH ANN GOODGE (1491) (865) 690-6727	Administrator: Elizabeth Ann Goodge Owner Information: LITTLE CREEK SANITARIUM HOSPITAL&SCHOOL 1811 LITTLE CREEK LANE KNOXVILLE, TN 37922 (865) 690-6727	Facility License Number: 00000147 Status: Licensed Number of Beds: 0038 Date of Last Survey: 02/26/2013 Accreditation Expires: Date of Original Licensure: 07/01/1992 Date of Expiration: 04/26/2014
8. NHC HEALTHCARE, FARRAGUT 120 CAVETT HILL LANE KNOXVILLE, TN 37922 Attn: KARLA LANE (865) 777-4000	Administrator: KARLA LANE Owner Information: NHC HEALTHCARE/FARRAGUT, LLC 120 CAVETT HILL LANE Knoxville, TN 37934 (423) 777-4000	Facility License Number: 00000363 Status: Licensed Number of Beds: 0100 Date of Last Survey: 12/08/2010 Accreditation Expires: Date of Original Licensure: 04/15/1998 Date of Expiration: 04/22/2014
9. NHC HEALTHCARE, FORT SANDERS 2120 HIGHLAND AVENUE KNOXVILLE, TN 37916 Attn: DOUGLAS FORD (865) 525-4131	Administrator: DOUGLAS FORD Owner Information: KNOXVILLE HEALTH CARE CENTER, LP 2120 HIGHLAND AVENUE KNOXVILLE, TN 37916 (865) 525-4131	Facility License Number: 00000319 Status: Licensed Number of Beds: 0166 Date of Last Survey: 02/08/2012 Accreditation Expires: Date of Original Licensure: 07/01/1992 Date of Expiration: 10/13/2013 This Facility is Managed By: NATIONAL HEALTHCARE CORPORATION MURFREESBORO TN
10. NHC HEALTHCARE, KNOXVILLE 809 E. EMERALD AVENUE KNOXVILLE, TN 37917 Attn: THOMAS SHUFORD (3474) (865) 524-7366	Administrator: Thoams Bradley Shuford Owner Information: NATIONAL HEALTHCARE/KNOXVILLE, LLC 809 E. EMERALD AVENUE KNOXVILLE, TN 37917 (423) 524-7366	Facility License Number: 00000146 Status: Licensed Number of Beds: 0139 Date of Last Survey: 08/31/2011 Accreditation Expires: Date of Original Licensure: 07/01/1992 Date of Expiration: 05/17/2014
11. SERENE MANOR MEDICAL CENTER 970 WRAY STREET KNOXVILLE, TN 37917 Attn: RITA W. GRIFFIN (865) 523-9171	Administrator: RITA W. GRIFFIN Owner Information: SERENE MANOR HOSPITAL, INC. 970 WRAY STREET KNOXVILLE, TN 37917 (865) 523-9171	Facility License Number: 00000149 Status: Licensed Number of Beds: 0079 Date of Last Survey: 03/27/2013 Accreditation Expires: Date of Original Licensure: 07/01/1992 Date of Expiration: 04/22/2014
12. SHANNONDALE HEALTH CARE CENTER 7424 MIDDLEBROOK PIKE KNOXVILLE, TN 37909 Attn: TODD K. TAYLOR (2189) (865) 690-3411	Administrator: Todd K. Taylor Owner Information: PRESBYTERIAN HOMES OF TENNESSEE INC. 801 VANOSDALE ROAD KNOXVILLE, TN 37909 (865) 690-3411	Facility License Number: 00000150 Status: Licensed Number of Beds: 0200 Date of Last Survey: 01/31/2012 Accreditation Expires: Date of Original Licensure: 07/01/1992 Date of Expiration: 04/28/2014
13.	Administrator: RICHARD	Facility License

SUMMIT VIEW OF FARRAGUT, LLC 12823 KINGSTON PIKE Knoxville , TN 37934 Attn: RICHARD LAWRENCE (3065) (865) 966-0600	LAWRENCE Owner Information: SUMMIT VIEW OF FARRAGUT, LLC 12823 KINGSTON PLACE Knoxville, TN 37934 (865) 966-0600	Number: 00000142 Status: Licensed Number of Beds: 0113 Date of Last Survey: 05/23/2012 Accreditation Expires: Date of Original Licensure: 07/01/1992 Date of Expiration: 02/12/2014 This Facility is Managed By: SUMMIT VIEW HEALTH MGMT KNOXVILLE TN
14. TENNESSEE STATE VETERANS' HOME ONE VETERANS WAY KNOXVILLE , TN 37931 Attn: DOUG OTTINGER (865) 862-8100	Administrator: DOUG OTTINGER Owner Information: STATE OF TENNESSEE 312 ROSA L. PARKS AVENUE NASHVILLE, TN 37243 (615) 741-0320	Facility License Number: 00000385 Status: Licensed Number of Beds: 0140 Date of Last Survey: 11/16/2012 Accreditation Expires: Date of Original Licensure: 12/27/2006 Date of Expiration: 05/03/2014
15. TENNOVA HEALTHCARE- PHYSICIANS REGIONAL MEDICAL CENTER 900 EAST OAK HILL AVENUE KNOXVILLE , TN 37917 Attn: PAMELA BROYLES ROGERS (2854) (865) 545-7778	Administrator: Pamela Broyles Rogers Owner Information: METRO KNOXVILLE HMA, LLC 5811 PELICAN BAY BOULEVARD SUITE 500 NAPLES, FL 34108-2711 (239) 598-3131	Facility License Number: 00000342 Status: Licensed Number of Beds: 0025 Date of Last Survey: 06/13/2012 Accreditation Expires: Date of Original Licensure: 10/03/1995 Date of Expiration: 07/07/2014
16. WEST HILLS HEALTH AND REHAB 6801 MIDDLEBROOK PIKE KNOXVILLE , TN 37909 Attn: SHELLEY MORGAN (3238) (865) 588-7661	Administrator: Shelley Morgan Owner Information: HILLCREST HEALTHCARE COMMUNITIES, INC. 5325 BEVERLY PARK CIRCLE KNOXVILLE, TN 37918 (865) 687-1321	Facility License Number: 00000145 Status: Licensed Number of Beds: 0194 Date of Last Survey: 07/05/2012 Accreditation Expires: Date of Original Licensure: 07/01/1992 Date of Expiration: 04/21/2014 This Facility is Managed By: GRACE HEALTHCARE LLC CHATTANOOGA TN

4. "Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.

The proposed new facility is very centrally located to the residents of Knox County. This location is no more than a 25 minute drive from the farthest boundary lines of Knox County. The service area for this project is Knox County therefore the majority of the population of this service area is less than 30 minutes in travel time.

3. Section C, Need, Item 6

2013 JUL 29 AM 9 49

The applicant references attachment C, Need-Question 6a and 6b. The referenced attachments could not be found in the application or in the supplemental response. Please submit. In your response, please provide the details regarding the methodology used to project utilization. The methodology must include detailed calculation or documentation from referral sources, and identification of all assumptions.

The applicant is projecting 100% occupancy of Year One and Year Two of the proposed project. The applicant is projecting to fill the proposed project with 50% of non-CCRC residents from Knox County. If the occupancy rate of all Knox County nursing homes in 2011 was 86% is this an attainable projection?

Please disregard the referenced attachments C, Need-Question 6a and 6b as they were copies of the Historical and Projected Data Charts. Although some of the information referenced in those charts were used in determining as to whether to move forward or not with this project.

We have revised our original projected data chart for the new facility to reflect a 95% occupancy level in both the first and second years after completion of this project. We feel comfortable that this is obtainable due to the fact that we have had a 95% plus occupancy in the current Health Care Center over the past three years and when we delicense the 24 beds, once the new facility comes on line, then we are only gaining a net of six beds. The fact that we will have all private rooms, which is what the consumer is demanding, we are certain that we will exceed the previously obtained census levels of the current facility. Our 95% plus occupancy levels over the past three years at the current Health Care Center have all been audited by our CPA firm of CliftonLarsonAllen.

In the previous 12 months we have had the pleasure of caring for 263 new admissions. We fully expect that trend to continue and again only increase the number of admissions due to our ability to offer only private rooms.

4. Section C, Economic Feasibility, Item 1

The revised Project Cost is noted to reflect moveable equipment in the amount of \$205,000. There appears to be calculation errors in lines D. and E. Please recalculate the Project Costs Chart and resubmit. The CON filing fee should equal the original amount (\$14,376.71) and the amended amount (\$461.25). Please round all numbers.

The corrected amount for line item "D" is \$6,594,650. The corrected amount for line item "E" is \$14,838.00 and the corrected amount for line item "F" is \$6,609,488.00. We have submitted a new Project Cost Chart that reflects these changes.

5. Section C, Economic Feasibility, Item 2 (Funding)

The revised letter dated July 23, 2013 from Presbyterian Homes of Tennessee, Inc. regarding funding is noted. Please submit a revised letter that includes the revised estimated cost of the project and correct construction cost.

A revised letter reflecting the revised estimated total cost of the project to be \$6,609,488.00 and the construction cost of \$5,417,150.00 is attached.

7. Section C, Orderly Development, Item 3

The applicant plans to share a Director of Nursing Services and an RN House Supervisor available 24 hours a day from the current 200 bed nursing home health care center on-site. Please allocate the cost of sharing these two positions with the existing on-site facility on the Projected Data Chart under Salaries and Wages. Please revise and submit a revised Projected Data Chart.

The comparison of clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor and Workforce Development and/or other documented sources is noted. However, please revise the chart to reflect the average salaries of all clinical positions, not just the hourly wages of new hires.

See following page for answer

The costs associated with sharing the Director of Nursing Services and RN House Supervisor was already added into the Projected Data Chart under Salaries and Wages. The annual cost just for these referenced items is approximately \$49,000.00.

Please find listed below a comparison table for the wages of the clinical staff included in this proposal. We have compared our average hourly paid wages to the 2012 Salary and Benefits Survey results conducted by the Tennessee Health Care Association (THCA) a trade organization that represents over 300 nursing homes in the State of Tennessee.

<i>Position</i>	<i>Shannondale Average Hourly Wage</i>	<i>2012 THCA Salary & Benefits Survey Starting Hourly Wage</i>
<i>Director of Nursing</i>	<i>\$41.78</i>	<i>\$34.88</i>
<i>Assistant Director of Nursing</i>	<i>\$31.55</i>	<i>\$26.54</i>
<i>RN-MDS Coordinator</i>	<i>\$28.26</i>	<i>\$26.30</i>
<i>RN</i>	<i>\$25.15</i>	<i>\$21.06</i>
<i>LPN</i>	<i>\$17.49</i>	<i>\$14.89</i>
<i>CNA</i>	<i>\$11.32</i>	<i>\$8.82</i>
<i>Director of Therapy</i>	<i>\$53.76</i>	<i>\$41.45</i>
<i>Physical Therapist</i>	<i>\$48.98</i>	<i>\$42.71</i>
<i>Physical Therapy Assistant</i>	<i>\$30.87</i>	<i>\$23.14</i>
<i>Physical Therapy Aide</i>	<i>\$11.68</i>	<i>\$11.42</i>
<i>Occupational Therapist</i>	<i>\$48.17</i>	<i>\$41.86</i>
<i>Occupational Therapy Assistant</i>	<i>\$31.82</i>	<i>\$24.66</i>
<i>Speech Pathologist</i>	<i>\$47.66</i>	<i>\$40.34</i>

We also routinely conduct local market wage surveys to ensure that we are competitive in our wage program.

**Copy
Supplemental #3**

Shannondale Rehabilitation Center

CN1307-024

July 31, 2013

8:31 am

AFFIDAVIT

2013 JUL 31 AM 8 28

STATE OF TENNESSEE

COUNTY OF KnoxNAME OF FACILITY: Shannondale Rehabilitation Center

I, William R. Thomas, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

William R. Thomas, President & CEO
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 30th day of July, 2013,
witness my hand at office in the County of Knox, State of Tennessee.

Margie F. Riffe
NOTARY PUBLIC

My commission expires MY COMMISSION EXPIRES,
NOVEMBER, 2 2016.

HF-0043

Revised 7/02





State of Tennessee

174

SUPPLEMENTAL- # 3

July 31, 2013

8:31 am

Health Services and Development Agency

Frost Building, 3rd Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

July 30, 2013

Mr. William Thomas
President and CEO
Presbyterian Homes of Tennessee, Inc.
801 Vanosdale Road
Knoxville, TN 37909

RE: Certificate of Need Application CN1307-024
Shannondale Rehabilitation center

Dear Mr. Thomas:

This will acknowledge our July 29, 2013 receipt of your supplemental response for a Certificate of Need for the establishment of a skilled nursing facility consisting of 30 Medicare certified skilled nursing beds to be part of a Continuum of Care Retirement Community.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 noon, Wednesday, July 31, 2013. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Section B, Project Description, Item 1

The applicant refers to construction cost in the amount of \$5,742,150.00 twice in this section. The revised Projected Data Chart list construction cost as \$5,417,150.00. Please revise and submit a replacement page.

The revised construction costs referenced in the narrative section have been updated to equal the costs referred on the Revised Projected Data Chart. Please see the following revised two (2) pages.

SECTION B: PROJECT DESCRIPTION (B: I. continued)

The service area for patients requiring care in this facility will be for patients from Shannondale of Knoxville which is part of our Continuing Care Retirement Community and Knox County as well as surrounding counties as the need may arise.

The need for this facility is essential for converting all semi private rooms in the existing Shannondale Health Care Center to private rooms by de licensing 24 semi private room beds.

To further support the need for additional skilled nursing home beds in Knox County the criteria compiled from the Tennessee Department of Health Guidelines for Growth indicates that there is a need of 934 additional beds based on the 2011 population of 436,104.

SEE ATTACHMENTSECTION B: PROJECT DESCRIPTION B-I

This new facility will be supported by the existing Shannondale Health Care Center which is located on the same campus. Support services such as Administrative, Nursing, Dietary, Housekeeping, Rehab, Admissions, Social Services and other staff will be provided from the existing facility.

The facility will meet all staffing requirements as provided by State and Federal guidelines. Many of the staff members required for the operation of this facility are already employed in the existing Shannondale Health Care Center.

The cost for construction of the new 30 bed facility will be \$5,417,150.00 and will be built with reserve funds provided by Presbyterian Homes of Tennessee, Inc. No Bank or Financial Institution loans will be necessary for the completion of this project.

Operational funding for this new facility will be provided through private paying patients, private insurance and Medicare.

The financial feasibility of this project is support by the fact that the average patient census of Shannondale Health Care Center is as follows:

<i>2013 Patient Census</i>	<i>96.80%</i>
<i>2012 Patient Census</i>	<i>96.50%</i>

SECTION B: PROJECT DESCRIPTION II. – A

July 31, 2013

8:31 am

II Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project

If the project involves none of the above, describe the development of the proposal.

Presbyterian Homes of Tennessee, Inc. (dba Shannondale) is a not for profit Corporation which operates a Continuing Care Retirement Community located in West Knoxville. Shannondale Health Care Center located at 7424 Middlebrook Pike, Knoxville, Tennessee 37909 is part of this Continuing Care Retirement Community and operates as a dually certified 200 bed Licensed Nursing Home.

Shannondale Health Care Center has operated at this location since 1972 with 152 private rooms (152 beds) and 24 semi-private rooms (48 beds) which consists of a total of 200 beds. It is the desire of the Board of Director's and Administration of the organization to de-license 24 nursing home beds upon completion and licensing of the new 30 bed Skilled Nursing Home Facility and convert the existing semi-private rooms into private rooms.

Upon de-licensing the 24 Nursing Home beds at Shannondale Health Care Center all Skilled Nursing Home beds will be operated as private rooms.

The Certificate of Need requests that the Tennessee Health Services and Development Agency grant 30 Skilled Nursing Home beds for construction of a new facility to be located at 7510 and 7522 Middlebrook Pike, Knoxville, Tennessee.

This new 30 bed facility will provide Skilled Nursing and Rehabilitative Services, will be approximately 38,281 square feet and the estimated cost of construction is \$5,417,150.00.

No major Medical Equipment will be required for the new project.

2. Section B, Project Description, Item II. A

In the supplemental response the applicant notes the revised construction cost is \$141.51 per square foot. The square footage and cost per square footage chart notes a cost of \$150.00 per square foot. Please resubmit a revised square footage and cost per square footage chart to reflect the revised cost per square foot of \$141.51.

Please see the following revised Square Footage and Cost Per Square Footage Chart to reflect the revised \$141.51 cost per square foot for this project.

The applicant refers to an estimated cost of construction in the narrative of \$5,742,150.00. Please submit a replacement page to reflect \$5,417,150.00 in construction cost as listed in the revised Projected Data Chart.

2013 JUL 31 AM 8 29

3. Section C, Need, Item 1. (Service Specific Criteria-Nursing Home) B.1.

Question B.1.

The applicant states in question B.1. the Projected Data Chart has been changed and will reflect a 95% occupancy level in both the first and second year after completion of the project. The revised Projected Data Chart reflects an occupancy rate of 93.3% in Year One and 93.6% in Year Two. Please clarify.

Please see the revised Projected Data Chart (Increase in the number of days) to reflect an annual occupancy rate of 95% for both years 1 and 2 following completion of the project (Year 2 includes the leap year)

Question B.2.

The average annual occupancy rate of the proposed service area is below 95%. Please discuss any circumstances of any nursing home in Knox County, which has been identified by the State of Tennessee Department of Health, Office of Licensure, as noncomplying with licensure standards.

We contacted Ms. Angie Lewis at the East Tennessee Regional Office of the Department of Health – Health Care Facilities – and she indicated that no nursing homes in Knox County were operating under a restricted / provisional license. All facilities in Knox County are fully licensed.

4. Section C, Need, Item 6

The applicant is projecting a revised 95% occupancy in Year One and Year Two of the proposed project in supplemental #2. The revised Projected Data Chart reflects an occupancy rate of 93.3% in Year One and 93.6% in Year Two. Please clarify.

We are still projecting an average occupancy percentage of 95% in both years 1 and 2 following the completion of the project. Please see this revised table referenced in your letter that reflects the correct projected utilization when obtaining a 95% occupancy level.

Please complete the following table using figures from the revised Projected Data Chart.

Applicant Facility-Projected Utilization

Year	Licensed Beds	*Medicare -certified beds	SNF Medicare ADC	SNF Medicaid ADC	SNF Other ADC	NF ADC	Total ADC	Licensed Occupancy %
Year 1	30	30	22.50	0	6	0	28.7	95%
Year 2	30	30	22.50	0	6	0	28.7	95%

* Includes Medicare/Medicaid certified beds

5. Section C, Economic Feasibility, Item 3

The applicant has revised the cost per square foot from \$150.00 to \$141.51 per square foot. Please revise and submit a replacement page.

The narrative portion of this response has been updated to reflect the \$141.51 per square foot cost. Please see the following revised page.

13. Section C, Economic Feasibility, Item 3

Please compare the cost per square foot of construction to similar nursing home projects approved by the Agency. Please refer to the applicant's toolbox located at the Health Services and Development Agency's web-site at:

http://tennessee.gov/hsda/applicants_tools/docs/Construction%20Cost%20Per%20Square%20Foot%20charts-0911.pdf.

The cost of construction per square foot for previously approved projects is as follows:

<i>Years 2010 – 2012</i>	<i>Renovated Construction</i>	<i>New Construction</i>	<i>Total Construction</i>
<i>1st Quartile</i>	<i>\$19.30 / sq. ft.</i>	<i>\$164.57 / sq. ft.</i>	<i>\$73.23 / sq. ft.</i>
<i>Median</i>	<i>\$35.76 / sq. ft.</i>	<i>\$167.31 / sq. ft.</i>	<i>\$164.57 / sq. ft.</i>
<i>3rd Quartile</i>	<i>\$55.00 / Sq. Ft.</i>	<i>\$181.72 / sq. ft.</i>	<i>\$167.61 / sq. ft.</i>

The cost of the construction for the proposed project including the site preparation expense is \$141.51 per square foot. Comparing this cost to the above referenced table demonstrates that this project is reasonable based on the previously approved projects. It also demonstrates that quality services and the continuum of care will be expanded in the local service area in a cost effective manner.

6. Section C, Economic Feasibility, Item 5 and 6.A

The applicant has revised the Projected Data Chart. Please revise the average gross charges, average deductions and average net charge and resubmit a replacement page.

Please verify the patient charge/reimbursement for Private, Medicare and Medicare Part B in question 6.A is correct. If needed, please resubmit a replacement page.

The changes to the revised average gross charges, average deductions and average net charges based on the revised Projected Data Chart have been completed. Please see the following revised pages.

SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED - ECONOMIC July 31, 2013
FEASIBILITY -- (QUESTION 5) 8:31 am

1. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

The projected Data Chart was used as the source of the requested calculations.

	<u>Year 1</u>	<u>Year 2</u>
<i>Average Gross Charges</i>	<i>\$ 428.60</i>	<i>\$ 431.07</i>
<i>Average Deductions</i>	<i>(78.06)</i>	<i>(80.24)</i>
<i>Average Net Charge</i>	<i>\$ 350.54</i>	<i>\$ 350.83</i>

SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED - ECONOMIC July 31, 2013
FEASIBILITY – (QUESTION 7) 8:31 am

1. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

This project will eliminate many issues that arise out of not being able to utilize both beds in the semi-private room setting. Often residents are not able to be admitted to the semi-private rooms due to roommate incompatibility because of conflicting clinical issues, different gender and the sincere desire to not share a room during their recovery period. The census level at the current facility has remained at 95% or above for the past five years. The elimination of the semi-private rooms and the issues that accompany utilization of both beds in the semi-private room setting will only help continue maintaining the overall 95% occupancy level and allow more of our Continuing Care Retirement Community residents to receive services within their "Home" campus. Higher utilization "Occupancy" rates will be achieved by offering more private rooms and will subsequently improve the Net Operating Income (NOI) from a level in 2012 of 82,556.00 to the projected NOI in 2015 of 731,300.00 and projected NOI of 632,500.00 for 2016.

SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED - ECONOMIC July 31, 2013
FEASIBILITY – (QUESTION 8) 8:31 am

2. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

As noted in the Projected Data Chart, the Net Operating Income (NOI) less the capital expenditures for the proposed project will be 731,300.00 for 2015 and 632,500.00 for 2016. Therefore, based on these projection, it is clear that this project is financially viable at the start up and positively contributes to the additional cash flow to the corporation, thereby ensuring sufficient cash flow is available.

SECTION C. GENERAL CRITERIA FOR CERTIFICATE OF NEED - ECONOMIC July 31, 2013
FEASIBILITY – (QUESTION 9) 8:31 am

3. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

The new proposed facility will participate only in the Medicare program. The projected revenue from the Medicare program for the first year of operation will be \$3,120,364.00 which will reflect 69.99% of the total revenue.

7. Section C, Economic Feasibility, Item 7 , 8, and 9

Please revise the projected occupancy and Net Operating Income references to reflect the revised Projected Data Chart. Please submit a replacement page.

On the following pages please see the following revised Occupancy and Net Operating Income references in the narrative portion of the answers. Also please see the attached revised Projected Data Chart

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60th) day after written notification is September 13, 2013. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to

Mr. William Thomas
July 30, 2013
Page 8

188

SUPPLEMENTAL- # 3

July 31, 2013

8:31 am

2013 JUL 31 AM 8 29

contact this office.

Sincerely,

Phillip M. Earhart
Health Services Development Examiner

Enclosure/PME

5. The Health Facilities Commission may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:
- All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and

Based on the County Bed Need formula for years 2013 – 2015 using the Population Projection data from the Department of Health Division of Statistics and the actual number of beds in inventory in Knox County data as obtained from the Department of Health website there is a need for beds in the amount of:

<i>Year</i>	<i>Bed Need Projection based on Formula</i>	<i>Actual Beds</i>	<i>Number of Beds Needed in Knox County by year</i>
<i>2013</i>	<i>2970</i>	<i>2011</i>	<i>959</i>
<i>2014</i>	<i>3025</i>	<i>2011</i>	<i>1014</i>
<i>2015</i>	<i>3081</i>	<i>2011</i>	<i>1070</i>

- All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.

Although some of the other facilities in Knox County report less than a 90% occupancy level we submit that once the new facility is completed and ready for occupancy we will delicense 24 beds. Subsequently after this project is completed and the beds delicensed in the existing Shannondale Health Care Center then there is only a net increase of 6 beds in the Knox County service area. This increase in six total beds, with no other projects approved in the next two years, keeps the number of beds in inventory well under the bed need calculation.

B. Occupancy and Size Standards:

1. A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.

The projections referenced in our original application indicate that the occupancy threshold of 90 % will be obtained in each of the first two years after completion of the project. We have changed and are resubmitting a revised Projected Data Chart indicating that we will obtain a 95% occupancy level in both the first and second year after completion of this project. We based this projected occupancy level of the new facility on the historical data that demonstrates in the current Health Care Center that we have maintained a 95% plus occupancy level over the past three years and upon completion of the new project will only realized a net gain of 6 beds. Once this entire project is completed we will have all private rooms at both the current Health Care Center and at the projected new facility. This would only provide us a greater opportunity to increase our average census at both facilities.

2. There shall be no additional nursing home beds approved for a service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently noncomplying with quality assurance regulations shall be considered in determining the service areas, average occupancy rate.

As referenced in the previous responses; although some facilities in the Knox County area have had a census level below the 95% level we see a 3% per year growth rate in Knox County in the 65 plus age population. Again the total net gain in the entire county is only six beds.

3. A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.

As this is an application for a new facility and not an expansion of a current facility this item is not applicable. Although the census at the current health Care Center was over 96% last year based on our audit financial statements provided by CliftonLarsonAllen.

4. A free-standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Facilities Commission may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

The application is for a 30 bed facility. We will be delicensing 24 beds in the current facility once the new facility is ready for occupancy and all of the licensed beds at both facilities will have only private rooms. The new facility will be located on the Shannondale campus which is a Continuing Care Retirement Community.



2013 JUL 9 AM 8 23

LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Knoxville News Sentinel which is a newspaper of general circulation in Knox, Tennessee, on or before July 8, 2013 for one day.

(Name of Newspaper)
(County)
(Month / day)
(Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency,

Shannondale Health Care Center

Skilled Nursing Facility

(Name of Applicant)

(Facility Type-Existing)

owned by: Presbyterian Homes of Tennessee, Inc. with an ownership type of Not For Profit

and to be managed by: Presbyterian Homes of Tennessee intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]:

The establishment of a new 30-bed Medicare Skilled Nursing Home known as Shannondale Rehabilitation Center (SRC). SRC will be located at 7510 and 7522 Middlebrook Pike, Knoxville, TN 37909 which is part of the existing Shannondale Continuing Care Retirement Community (SCCRC) campus. SRC will operate all 30 beds as private rooms. It will be located adjacent to Shannondale Health Care Center (SHHC) which is a 200-bed dually certified nursing home also located on the SCCRC campus at 7424 Middlebrook Pike and will share some services such as Administrative, Dietary, Rehab, Nursing, Environmental and Maintenance Staff. Upon licensing of the SRC, SHHC will de-license 24 of its semi-private nursing home beds. The new facility will contain approximately 38,281 square feet and the estimated cost will be \$ 5,742,150.00.

The anticipated date of filing the application is: July 8, 2013

The contact person for this project is William R. Thomas, Jr. President and CEO

(Contact Name)
(Title)

who may be reached at: Shannondale Health Care Center 801 Vanosdale Road

(Company Name)
(Address)

Knoxville TN 37909 865-690-3411

(City)
(State)
(Zip Code)
(Area Code / Phone Number)

William R. Thomas, Jr. July 8, 2013 bthomas@shannondaletn.com

(Signature)
(Date)
(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency
The Frost Building, Third Floor
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243**

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

SEP 20 13 PM 1:32

Shannondale Retirement Community Resident Council

801 Vanosdale Road
Knoxville, Tennessee 37909

September 20, 2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243

Ref: Certificate of Need Application CN 1307-24
Shannondale Rehabilitation Center

Dear Ms. Hill:

As President of the Shannondale Retirement Center Resident Council and on behalf of the Residents of our community I would like to encourage the staff and members of the Board of the Tennessee Health Services and Development Agency to support the above referenced Certificate of Need Application for Shannondale. This new addition will add a (30) bed Skilled Nursing Home, with a primary focus on rehab services, on its Continuing Care Retirement Community Campus. This new facility will also provide services that are not currently available to our residents.

We are very proud of our Retirement Community and all the services offered on this campus and are looking forward to a new dimension of care.

This addition to our Community will add a much needed service for the residents of Shannondale. Thank you for consideration and approval of this addition to our campus.

Respectfully,



Dean Smith
President
Shannondale Retirement Community Resident Council

cc: Bill Thomas, Shannondale

SEP 25 '13 AM 10:47

7443 Somerset Rd
Knoxville, TN 37909

September 21, 2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
161 Rosa L. Parks Boulevard
Nashville, TN 37243

Re: Certificate of Need Application CN 1307-24, Shannondale Rehabilitation Center

Dear Ms. Hill:

I am writing to support the Certificate of Need application from Presbyterian Homes of TN (Shannondale) for the proposed new rehabilitation facility on the Knoxville campus.

My wife Ruth and I live in Buckingham, a community of 81 homes with approximately 110 residents, which is part of the Shannondale Continuing Care Retirement Community and is located on the Knoxville campus. I also serve as president of the Buckingham Community Residents Association.

Members of our community would greatly benefit from a rehab facility located on the campus where residents and spouses do not have to be separated when they receive rehab care. People who live in the surrounding area would also benefit, of course.

Ruth has received rehab care at Shannondale after a knee replacement and after foot surgery. The therapists are excellent; however, they are limited by space and equipment restrictions that the proposed Center would alleviate. Also, she was able to receive care on an outpatient basis and did not have to seek a bed in a rehab facility at some distance from our home. Many of our neighbors are not so fortunate.

Finally, judging from remarks in Association meetings and comments made during casual conversations, I believe Buckingham residents universally support the proposed Center for the benefits it will provide our community.

Please do not hesitate to contact me if I can provide any additional information.

Thank you for your consideration.

Sincerely,



George F. Smith

President, Buckingham Community Association

Cc: Bill Thomas, Shannondale



TENNESSEE ORTHOPAEDIC CLINICS

Parkwest Office
The Tower at Parkwest
9430 Park West Boulevard, Suite 130
Knoxville, Tennessee 37923
865.690.4861 office
865.600.8525 fax

September 25, 2013

Ms. Melanie Hill Executive Director
Tennessee Health Services and Development Agency
161 Rosa L. Parks Boulevard Nashville, TN 37243

Re: Shannondale Rehabilitation Center
Certificate of Need CN 1307-24

Dear Ms. Hill,

This letter of support is for the above referenced CON application CN 1307-24. I would like to express my strong support for this project for a number of reasons.

First and foremost the Shannondale campus has been an excellent provider of post-acute services in Knox County for over 40 years. Many of the residents that live in this campus would be greatly served by receiving services close to their support network. This close knit support would only enhance the recovery process and reduce the recovery time associated with their recuperative process.

The need for post-acute rehabilitative inpatient services is going to rapidly escalate with the aging population in Knox County. As described by Shannondale's Medical Director the establishment of this State-of-the-Art facility will allow Shannondale the opportunity to meet the ever changing needs and desires of this population. The attention to detail in this floor plan for the facility has been well thought out, its technological design provides for individual patient choices and the overall concept is geared toward enhancing the patient recovery environment.

I believe this new way of providing services to those in need is a part of the larger answer as to how do we meet the future demands for the provision of services in our health care system.

I appreciate the opportunity to submit this letter of support and am willing to discuss it with you should you have any additional questions.

Sincerely,



Harold E. Cates MD

Patrick M. Bolt, MD
Paul C. Brady, MD
E. Brantley Burns, MD
Michael T. Casey, Jr., MD
Harold E. Cates, MD

Richard B. Cunningham, MD
Brian S. Edkin, MD
James A. Engblom, DPM
R. Jay French, Jr., MD
Sean P. Grace, MD

John E. B. Harrison, MD
Robert C. Jackson, MD
Edward K. Kahn, MD
Paul T. Naylor, MD
Rick E. Parsons, MD

Tracy A. Pesut, MD
Jean-François P. Reat, MD
Timothy J. Rentree, MD
John M. Reynolds, MD
Kendall L. Ritchey, DPM

Randall R. Robbins, MD
J. Christopher Shaver, MD
Jeffrey A. Uzzle, MD
P. Merrill White, III, MD
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TENNESSEE ORTHOPAEDIC CLINICS

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865.690.4861 office
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September 25, 2013

Ms. Melanie Hill Executive Director
Tennessee Health Services and Development Agency 161 Rosa L. Parks Boulevard
Nashville, TN 37243

Re: Shannondale Rehabilitation Center
Certificate of Need CN 1307-24

Dear Ms. Hill,


I would like to take this opportunity to convey my strong support for the establishment of a 30 bed skilled nursing facility, with its emphasis on rehabilitation services, that has been requested for approval by the Presbyterian Homes of Tennessee, Inc. (Shannondale)

The Shannondale Continuing Care Retirement Campus has had an excellent long standing reputation in the Knoxville community. In the past their strong quality driven services have produced excellent patient outcomes and the approval of this project will allow them to continue that rich heritage.

The Knoxville market is in need of a health care setting that can meet the need of short term post-acute surgical rehabilitation patients that is centrally and conveniently located from all parts of Knox County. The centralized location coupled with excellent outcomes will help decrease the patient's length of stay which will in turn help reduce the overall costs associated with the respective procedure. I give a great deal of credit to the management team at Shannondale for having the fore thought to develop such a rehabilitation focused program that will meet the ever increasing needs of the community.

Thank you for the opportunity to submit this letter of recommendation and please let me know if I can be of further assistance.

Sincerely,


Harold E. Cates MD

Patrick M. Bolt, MD
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Michael T. Casey, Jr., MD
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J. Christopher Shaver, MD
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P. Merrill White, III, MD
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**ORTHO
TENNESSEE**

OCT 8 '13 AM 10:38

Knoxville Orthopaedic Clinic
University Orthopaedic Surgeons
Maryville Orthopaedic Clinic
Orthopaedic Surgeons of Oak Ridge

October 2, 2013

Ms. Melanie M. Hill
Executive Director
Tennessee Health Services and Development Agency
161 Rosa L. Parks Boulevard
Nashville, TN 37243

Re: Certificate of Need Application CN 1307-24
Shannondale Rehabilitation Center

Dear Ms. Hill:

Knoxville Orthopedic Clinic (KOC), a division of OrthoTennessee, is the Knoxville area's only team of fellowship-trained orthopedic surgeons. Our unique practice of specialization ensures unparalleled expertise in the diagnosis, treatment and surgery of musculoskeletal conditions. KOC has a tradition of keeping pace with and contributing to orthopedic progress, bringing the best of new information and technology to the Knoxville community.

Likewise, we were encouraged to learn that Shannondale is keeping pace with the changes that are taking place in the field of orthopedics through its vision to provide inpatient rehabilitative services. For more than forty years Shannondale has provided a full range of non-acute services to the Knoxville community including Independent Living, Assisted Living and Nursing Home Care. A new state-of-the-art Rehabilitation Center to be located on the Shannondale of Knoxville Campus should add a much needed service dimension for many patients that receive orthopaedic care at KOC.

Patients who are treated by our surgeons often need rehabilitation services following in-hospital surgery. These patients can certainly benefit from the proposed Shannondale facility, taking advantage of its unique recovery center and specialized therapy program.

I encourage the Tennessee Health Services and Development Agency to approve the Certificate of Need Application for Shannondale on October 23, 2013. We applaud Shannondale for recognizing this need and seeking to meet it with a facility that is not only state-of-the-art, but can become a model for rehab facilities across the nation.

Sincerely,

Glenn D. Sumner
CEO
OrthoTennessee



TENNESSEE ORTHOPAEDIC CLINICS

Parkwest Office
The Tower at Parkwest
9430 Park West Boulevard, Suite 130
Knoxville, Tennessee 37923
865.690.4861 office
865.560.8525 fax

September 25, 2013

Ms. Melanie Hill Executive Director
Tennessee Health Services and Development Agency 161 Rosa L. Parks Boulevard
Nashville, TN 37243

Re: Shannondale Rehabilitation Center
Certificate of Need CN 1307-24

Dear Ms. Hill,

I would like to take this opportunity to convey my strong support for the establishment of a 30 bed skilled nursing facility, with its emphasis on rehabilitation services, that has been requested for approval by the Presbyterian Homes of Tennessee, Inc. (Shannondale)

The Shannondale Continuing Care Retirement Campus has had an excellent long standing reputation in the Knoxville community. In the past their strong quality driven services have produced excellent patient outcomes and the approval of this project will allow them to continue that rich heritage.

The Knoxville market is in need of a health care setting that can meet the need of short term post-acute surgical rehabilitation patients that is centrally and conveniently located from all parts of Knox County. The centralized location coupled with excellent outcomes will help decrease the patient's length of stay which will in turn help reduce the overall costs associated with the respective procedure. I give a great deal of credit to the management team at Shannondale for having the fore thought to develop such a rehabilitation focused program that will meet the ever increasing needs of the community.

Thank you for the opportunity to submit this letter of recommendation and please let me know if I can be of further assistance.

Sincerely,

Paul T. Naylor MD

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TENNESSEE ORTHOPAEDIC CLINICS

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September 25, 2013

Ms. Melanie Hill Executive Director
Tennessee Health Services and Development Agency
161 Rosa L. Parks Boulevard Nashville, TN 37243

Re: Shannondale Rehabilitation Center
Certificate of Need CN 1307-24

Dear Ms. Hill,

This letter of support is for the above referenced CON application CN 1307-24. I would like to express my strong support for this project for a number of reasons.

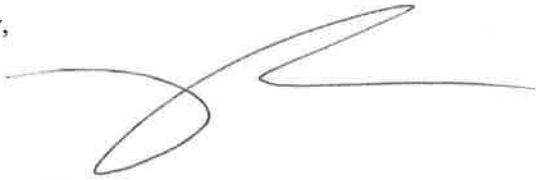
First and foremost the Shannondale campus has been an excellent provider of post-acute services in Knox County for over 40 years. Many of the residents that live in this campus would be greatly served by receiving services close to their support network. This close knit support would only enhance the recovery process and reduce the recovery time associated with their recuperative process.

The need for post-acute rehabilitative inpatient services is going to rapidly escalate with the aging population in Knox County. As described by Shannondale's Medical Director the establishment of this State-of-the-Art facility will allow Shannondale the opportunity to meet the ever changing needs and desires of this population. The attention to detail in this floor plan for the facility has been well thought out, its technological design provides for individual patient choices and the overall concept is geared toward enhancing the patient recovery environment.

I believe this new way of providing services to those in need is a part of the larger answer as to how do we meet the future demands for the provision of services in our health care system.

I appreciate the opportunity to submit this letter of support and am willing to discuss it with you should you have any additional questions.

Sincerely,



Paul T. Naylor MD

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Jeffrey A. Uzzie, MD
P. Merrill White, III, MD
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REUBEN N. PELOT III, D.D.S., P.L.L.C.

Telephone (865) 671-1544 • 11541 Kingston Pike • Knoxville, TN 37934

SEP 27 '13 AM 10:36

September 24, 2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243

Ref: Certificate of Need Application CN 1307-24
Shannondale Rehabilitation Center

Dear Ms. Hill:

As President of the West Hills Community Association let me state that we were very pleased to learn about the Shannondale expansion to build a new Rehabilitation Center on its Knoxville Campus. Shannondale has been a good neighbor to approximately 1300 homeowners of the West Hills Community for more than 40 years and many of our friends and family members have received care and services through the years at the facilities.

On behalf of the residents of our Community Association we strongly support this new development and urge the Board of Directors of the Tennessee Health Services and Development Agency to approve the Certificate of Need application for Presbyterian Homes of Tennessee, Inc. (Shannondale Rehabilitation Center).

We applaud the Management and Board of Directors of Shannondale for their vision and planning to lead the way for Rehab Services in the Knoxville area.

Respectfully,

Dr. Reuben Pelot
President, West Hills Community Association

September 25, 2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
161 Rosa L. Parks Boulevard
Nashville, TN 37243

OCT 4 '13 AM 11:14

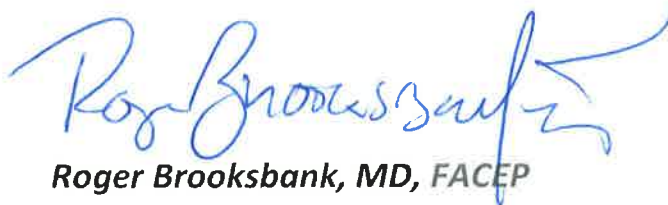
Re: Shannondale Rehabilitation Center
Certificate of Need CN 1307-24

Dear Ms. Hill,

I have had the privilege of being involved with the Shannondale Continuing Care Retirement Community for fifteen years. Through my years of experience with Shannondale I have witnessed an organization that has produced excellent quality outcomes and expressed a sincere desire to stay on the leading edge of providing services to their residents. It is because of this situation that I highly recommend and support the Certificate of Need Application for Shannondale Rehabilitation Center. The establishment of this facility with the emphasis on Rehabilitation services will allow the residents the opportunity to receive services that are currently not available.

Thank you in advance for the opportunity to lend my support for this CON application and please feel free to contact me for any additional information you may need.

Sincerely,



Roger Brooksbank, MD, FACEP

President, Mid-Atlantic Group

TEAMHealth

865.985.7080



SUITE 113 WAR MEMORIAL BUILDING
NASHVILLE, TENNESSEE 37243-0207
(615) 741-2287

House Chamber

State of Tennessee

NASHVILLE

SEP 27 '13 AM 10:36

STEVE HALL
REPRESENTATIVE
18TH DISTRICT

5798 ACAPULCO AVENUE
KNOXVILLE, TENNESSEE 37921
(865) 936-0546

MEMBER OF COMMITTEES

FINANCE, WAYS AND MEANS
LOCAL GOVERNMENT

September 25, 2013

Ms. Melanie Hill
Executive Director
Tennessee Health Services and Development Agency
161 Rosa L. Parks Blvd.
Nashville, TN 37243

RE: Certificate of Need Application CN 1307-24

Dear Director Hill,

I am writing to you today in support of the Certification of Need application submitted by the Presbyterian Homes of Tennessee, Inc. to establish a new 30 bed skilled nursing facility.

For over 40 years, the Shannondale Campus has provided excellent services for citizens of the Knoxville area. I have personally visited many times over the years and the experience has always been positive as I have witnessed the quality services provided to the residents. The establishment of this new facility focusing on rehabilitation services will complement the current services offered at Shannondale while allowing the residents to also receive services not currently available.

I very much appreciate the opportunity to express my support of this application as I am certain it will positively impact the community. Should any questions arise, please don't hesitate to contact me directly. Thank you again for your time and consideration.

Sincerely,

A handwritten signature in black ink that reads "Steve Hall".

Steve Hall
State Representative, 18th District



OFFICE OF COUNTY MAYOR TIM BURCHETT

400 Main Street, Suite 615, Knoxville, TN 37902

October 7, 2013

Ms. Melanie M. Hill
Executive Director
Tennessee Health Services and Development Agency
161 Rosa L. Parks Boulevard
Nashville, TN 37243

Re: Certificate of Need Application CN 1307-24
Shannondale Rehabilitation Center

Dear Ms. Hill:

I am writing to express my support of the application submitted by Presbyterian Homes of Tennessee for a Certificate of Need for a 30 bed skilled nursing home to be known as Shannondale Rehabilitation Center.

Presbyterian Homes has operated a continuing care retirement community in Knox County for more than 50 years. It is a valued corporate citizen and has an outstanding reputation. As the population of Knox and the surrounding counties ages and more retirees move to Knox County and East Tennessee, there is and will continue to be a need for skilled nursing home beds geared toward those persons needing rehabilitation services following knee and hip replacement surgery.

On behalf of Knox County, I commend Presbyterian Homes for recognizing this need and seeking to meet it with a rehabilitation facility that is not only state-of-the-art but also a model for rehab facilities across the nation. As Knox County Mayor, I support Presbyterian Homes' CON application and believe the issuance of the CON as requested is in the interest of the citizens of Knox County. I hope the HSDA will approve a CON for Shannondale Rehabilitation Center.

Sincerely,

A handwritten signature in blue ink, appearing to read "Tim Burchett", is written over a horizontal line.

Tim Burchett
Knox County Mayor

OCT 4 '13 AM 11:14

OCT 4 '13 AM 11:14

September 20, 2013

Ms. Melanie M. Hill
Executive Director
TN Health Services & Development Agency
161 Rosa L. Parks Boulevard
Nashville, TN 37243

RE: Certificate of Need Application CN 1307-24
Shannondale Rehabilitation Center

Dear Ms. Hill:

This letter is written in support of the application submitted by Presbyterian Homes of Tennessee for a Certificate of Need for a thirty (30) bed skilled nursing home to be known as Shannondale Rehabilitation Center in Knoxville, Tennessee.

Presbyterian Homes has earned an outstanding reputation through its operation of a continuing care retirement community in Knoxville for more than fifty years. As the population of Knox and the surrounding counties ages and more retirees move to East Tennessee, there is and will continue to be a need for skilled nursing home beds geared toward those persons needing rehabilitation following knee and hip replacement surgery.

We appreciate Presbyterian Homes for recognizing this need and seeking to meet it with a state of the art rehabilitation facility. We fully support Presbyterian Homes' CON application and hope the HSDA will act favorably thereon.

Sincerely,


Joseph Landsman
President & CEO

UHS Administration

2121 Medical Center Way, Suite 200 • Knoxville, TN 37920-3257 • (865) 305-9430 Fax: (865) 305-9429 • utmedicalcenter.org

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
OFFICE OF HEALTH STATISTICS
615-741-1954**

DATE: September 3, 2013

APPLICANT: Shannondale Rehabilitation Center
7510 & 7522 Middlebrook Pike
Knoxville, Tennessee 37909

CON# 1307-024

CONTACT PERSON: William R. Thomas, Jr.
801 Vanosdale Road
Knoxville, Tennessee 37909

COST: \$6,609,488

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

Shannondale Rehabilitation Center (SRC), located at 7510 and 7522 Middlebrook Pike, Knoxville, (Knox County), Tennessee, seeks Certificate of Need (CON) approval for the establishment of a new 30-bed Medicare skilled Nursing Home, to be part of the existing Shannondale Continuing Care Retirement Community (SCCRC) campus, a 200-bed dually-certified nursing home also located on the SCCRC campus at 7424 Middlebrook Pike. SRC will share some services such as administrative, dietary, rehab, nursing, environmental, and maintenance staff. SRC will operate all 30 beds as private rooms. Upon the licensing of SRC, Shannondale Health Care Center (SHHC) will de-license 24 of its semi-private nursing home beds.

The new facility will contain approximately 38,281 square feet, costing \$6,609,487.90 or \$141.51 a square foot. The cost of construction is reasonable as compared to projects previously approved by HSDA. SRC will be licensed separately from the Shannondale Health Care Center.

Shannondale Continuing Care Retirement Community (SCCRC) consists of the following structures and services: 81 independent living homes, 125 apartments, 49 assisted living beds, and a 200-bed dually certified nursing home.

Shannondale Rehabilitation Center is owned Presbyterian Homes of Tennessee, Inc., a non-profit Church Related Corporation organized in 1962. Presbyterian Homes of Tennessee, Inc. operates two CCRCs located in Knoxville and Maryville, Tennessee.

The total estimated cost of the proposed project is \$6,609,487.90 and will be funded through cash reserves as noted in a letter from the Chief Financial Officer of Presbyterian Homes of Tennessee, Inc.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in *Tennessee's State Health Plan*.

NEED:

The applicant's proposed service area is Knox County. The table below shows the population projections for 2013 and 2015.

Service Area 2013 and 2017 Population Projections

County	2013 Population	2015 Population	% Increase/ (Decrease)
Knox	448,093	470,092	4.9%

Source: *Tennessee Population Projections 2000-2020, February 2010 Revision*, Tennessee Department of Health, Division of Policy, Planning, and Assessment

The following chart illustrates the 2011 nursing home utilization for Knox County.

County Nursing Home Utilization 2011

Nursing Home	Licensed Beds	SNF Beds-Medicare	SNF/NF Beds-Dually Certified	NF Beds-Medicaid	NF-ADC (Medicaid/Level I Only)	SNF Medicare Level II ADC	NF-ADC	Licensed Occupancy
NHC Healthcare, Knox	139	0	139	0	0	25	71	81.9%
Northaven	96	0	96	0	65	13	70	88.4%
Shannondale Health Care Ctr.	200	0	200	0	8	18	176	97.7%
Serene Manor Medical Ctr.	79	0	0	79	0	0	76	95.8%
Brakebill Nursing and Rehab.	222	0	82	140	25	3	55	96.1%
Island Home Park Health & Rehab	95	0	0	0	32	12	74	91.4%
NHC Healthcare, Fort Sanders	172	0	89	83	0	32	70	90.2%
Hillcrest Healthcare West	194	0	194	0	36	18	48	33.7%
Hillcrest Healthcare North	271	0	271	0	181	31	216	95.5%
Little Creek Sanitarium	38	0	0	0	0	0	37	98.4%
Summit View of Farragut	113	0	113	0	31	16	53	92.1%
Fort Sanders Transitional Care	24	24	0	0	0	17	0	78.6%
Holston Health and Rehab	109	0	109	0	0	45	30	68.8%
Tennova Transitional Care Unit	25	25	0	0	0	16	0	74.6%
NHC Farragut	90	90	0	0	0	68	0	95.1%
Total	1,871	139	1,388	302	356	336	976	85.22%

Source: *Joint Annual Report of Nursing Homes 2011*, Tennessee Department of Health, Division of Policy, Planning and Assessment

Licensed Beds -Total beds in a nursing home licensed by the Tennessee Department of Health.

- SNF Beds, Medicare Skilled Nursing or TennCare/Level II beds where the payor source is either Medicare or Skilled Medicaid.
- SNF/NF Beds, Dually Certified-Medicare Skilled Nursing or TennCare/Level II and Intermediate Care or TennCare/Level I beds where the payor source is either Medicare or Medicaid.
- NF Beds-Medicaid-Intermediate Care or TennCare/Level I beds where the payor source is Medicaid.
- Licensed Only Beds Non Certified-Skilled Nursing and Intermediate Care beds. Payor source is private pay.
- SNF Medicare/Level II ADC-Average Daily Census for skilled patients whose payor source is Medicare. Average Daily Census is calculated by taking Medicare skilled/Level II patient days and dividing it by the number of days in a year (365) resulting in an average daily census.
- SNF Medicare/Level II ADC-Average Daily Census for skilled patients whose payor source is Medicare. Average Daily Census is calculated by taking Medicare skilled/Level II patient days and dividing it by the number of days in a year (365) resulting in an average daily census.
- NF-ADC-Average Daily Census for Level I/Intermediate Care patients.

Facility Occupancy Rate for the total nursing home facility. Occupancy Rate is calculated by taking total patient days and dividing it by the number of beds available in a year.

Source: The definitions and presentation are done in accordance with Health Services and Development Agency Members and Staff requirements, October 2006.

Note to Agency Members: Of interest, one possible explanation for the occupancy of intermediate care patients in beds certified for skilled care is the legal precedent established in the Linton Ruling, a Tennessee lawsuit settled in 1990. HSDA deputy legal counsel provides a summary of the Linton Ruling as follows: "Mildred Lea Linton, a nursing home resident, represented a class of plaintiffs who alleged that Tennessee's nursing home bed certification policy, in which fewer than all beds within a particular wing or floor could be available for Medicaid recipients, violated the Medicaid Act. Ms. Linton's nursing home apportioned only 40 of its 87 intermediate care facility beds as Medicaid beds. When Medicaid officials reduced Ms. Linton's care eligibility from skilled to intermediate, Ms. Linton's nursing home informed her that it was decertifying her Medicaid bed and would not likely have available any Medicaid beds. The District Court found that Tennessee's "limited bed policy" violated the Medicaid Act, and the state was instructed to submit a remedial plan, which, among other provisions, required Medicaid providers to certify all available, licensed nursing home beds within their facilities and to admit residents on a first-come, first-serve basis."

According to the *Joint Annual Report of Hospitals, 2011*, there were 1,871 (taking out the 140 at Ben Atchley Veteran's Home, a State run facility) nursing home beds in Knox County. Applying the need formula from the Specific Criteria for Nursing Home Services, the Division of Policy, Planning, and Assessment, determined there is a need for 3,100 beds. As of September 2013, there were 1,871 licensed beds in Knox County. Subtracting the existing licensed beds and approved nursing home beds from the projected area, there is a need for 1,229 beds in the applicant's service area.

Shannondale Health Care Center has operated at its current location since 1972. The Board of Director's and administration desire to de-license 24 nursing home beds upon completion of the new 30 bed SNF facility and convert the existing semi-private beds into private rooms.

The Division of Policy, Planning, and Assessment calculated the bed need for Knox County to be 1,229 beds.

TENNCARE/MEDICARE ACCESS:

The applicant will participate in only the Medicare program. The applicant's net Medicare revenues for the first year of operation are expected to be \$3,190,100, or 72% of total revenue.

The Medicare reimbursement for 2014 and 2015 will be \$380.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment has reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine they are mathematically accurate and the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Costs Chart is located in Supplemental 2 of the application. The projects total estimated project cost is \$6,609,488.

Historical Data Chart: The applicant provides a Historical Data Chart in Supplemental 2 of the application. The applicant reports a net operating income of \$762,298, \$1,358,724, and \$82,556 each year, respectively.

Projected Data Chart: The Projected Data Chart is located in Supplemental 1 of the application. The applicant projects 10,402 patient days in year one and 10,431 patient days in year two with a net operating income of \$731,300 and \$632,500 each year, respectively.

The average gross charge in year one is estimated to be \$428.60, with an average deduction of \$78.06, resulting in an average net charge of \$350.54. The average year two gross charge is

estimated to be \$431.07, with an average deduction of \$80.24, resulting in an average net charge of \$350.83.

The applicant reports there is no other alternative that will meet the changing needs of their residents.

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

SRC has transfer agreements with Parkwest Medical Center, University of Tennessee Medical Center, Shannondale of Maryville, and membership service agreements with Blue Cross/Blue Shield of Tennessee, Humana, and United Health Care.

The project will mainly serve the current 429 residents on the campus and others in the community who may require the services offered by SRC. There will be a very small amount of duplication of services but it will enhance the Shannondale Continuing Care Retirement Community (SCCRC) campus by adding more private rooms.

The projected staffing will include 1.0 FTE registered nurse, 7.0 FTE licensed practical nurses, 16.5 FTE certified nurse assistants, 1.5 FTE dietary staff, 1.5 FTE activities staff, 2.0 FTE housekeeping staff, 2.0 FTE physical therapists, 2.0 FTE physical therapy assistants, 1.0 FTE physical therapy technician, 1.0 FTE occupational therapist, 1.0 FTE occupational therapy assistant, and 1.0 FTE speech pathologist.

SRC staff is approved to and currently teaches the State of Tennessee Certified Nursing Assistant program.

The applicant is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities. The East Tennessee Regional Office of Health Care Facilities conducted a Life Safety recertification survey/complaint investigation on 1/29-31/12. The applicant's plan of correction for the cited deficiencies was accepted on March 1, 2012.

**SPECIFIC CRITERIA FOR CERTIFICATE OF NEED
NURSING HOME SERVICES**

Public Chapter No. 1112, Senate Bill No. 2463, which passed during the 1998 legislative session, amended and changed the code sections establishing the bed need formula that the Health Facilities Commission must follow when granting certificates of need for nursing home beds in Tennessee. During a fiscal year (July 1-June 30), the Commission shall issue no more than the designated number of Medicare skilled nursing facility beds for applicants filing for a certificate of need. The number of Medicare skilled nursing facility beds issued shall not exceed the allocated number of beds for each applicant. The applicant must also specify in the application the skilled services to be provided and how the applicant intends to provide such services.

A. Need

1. According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

$$\begin{aligned}\text{County bed need} = & .0005 \times \text{pop. 65 and under, plus} \\ & .0120 \times \text{pop. 65-74, plus} \\ & .0600 \times \text{pop. 75-84, plus} \\ & .1500 \times \text{pop. 85, plus}\end{aligned}$$

According to the Joint Annual Report of Hospitals, 2011, there are nursing home beds in Davidson County. Applying the need formula from the Specific Criteria for Nursing Home Services, the Division of Policy, Planning, and Assessment, determined there is a need for 1,871 beds. Subtracting the existing and approved nursing home beds from the projected need, there is a need for 1,229 beds in the applicant's service area.

2. The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.

The Division of Policy, Planning, and Assessment used the need for nursing home beds projected into the future to be 1,229, after taking out the 140 beds at Benn Athley Veteran's Home, a State run facility.

3. The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.

The Division of Policy, Planning, and Assessment utilized Joint Annual Report of Nursing Homes in reviewing the need for nursing home beds.

4. "Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.

The majority of the service area is within 30 minutes' drive time to the facility.

5. The Health Facilities Commission may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:

- a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and

There are no outstanding CONs in the proposed service area.

- b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.

County Nursing Home Utilization 2011

Nursing Home	Licensed Beds	SNF Beds-Medicare	SNF/NF Beds-Dually Certified	NF Beds-Medicaid	NF-ADC (Medicaid/Level I Only)	SNF Medicare Level II ADC	NF-ADC	Licensed Occupancy
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Total	1,871	139	1,388	302	356	336	976	85.22%

Source: *Joint Annual Report of Nursing Homes 2011*, Tennessee Department of Health, Division of Policy, Planning and Assessment

B. Occupancy and Size Standards:

1. A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.

The applicant projects 95% occupancy for years one and two of the project.

2. There shall be no additional nursing home beds approved for a service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently noncomplying with quality assurance regulations shall be considered in determining the service areas, average occupancy rate.

The applicant notes that not all facilities with 50 beds or more have annual occupancy of 95%. The applicant projects a 3% per year growth rate in Knox County in the 65 and older age group. The applicant state this project only adds a net of 6 beds after Shannondale Health Care Center (SHHC) will de-licenses 24 of it semi-private nursing home beds.

3. A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.

This application is for a new facility and does not seek an expansion of an existing facility.

4. A free-standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Facilities Commission may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

This application is for a 30-bed facility.